National Brand-Private Brand Strategic Alliances Through Ingredient Branding: An Exploratory Empirical Evaluation

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Abstract

Can using a national brand ingredient benefit a private brand without hurting the national brand? An experiment showed that a private brand with a name brand ingredient was perceived more positively. However, the national brand was not diminished by the association with the private brand. Implications and future research directions are discussed.

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There has been a considerable growth in the sales of private label brands over the last two decades. According to the Private Label Manufacturer's Association, the market share in units of store brands reached 19.7 percent in 1993 (Elliott, 1994a). In some categories, the growth has been astounding. Sales of private brand cereals have almost doubled in the last five years and account for 6% of the market (Elliott, 1994b). Although several reasons have been given for this growth in private label brands, the fact remains that manufacturers of national brands have scrambled to respond to this rapid growth (Nandan and Dickinson, 1994).

With the increasing market shares of private label brands in the United States and around the world, manufacturers of national brands are looking for ways to take advantage of the growing market. Manufacturers of private brands, on the other hand, are looking for ways to expand their markets by reducing the stigma attached to private brands as being low in quality. National brands interested in participating in the growing private label market have several alternatives. First, they could introduce a private label product. While this ensures that the brand equity built up by the company is not compromised, it does not allow the company to leverage its established brand in any way. A second alternative would be for the company to simply introduce a value priced brand extension. For example, Quaker Oats Co. recently started putting its familiar logo on bags of cereal it previously sold under the Popeye brand in the hopes of attracting the value conscious segment that is more likely to buy private label cereals (Freeman, 1995). One danger of national brands lending their names to value-priced products is a loss in image of the parent brand. Research on brand extensions has shown that they can tarnish the image of the

parent brand (Kardes and Allen, 1991; Loken and Roedder John, 1993; Sullivan 1990). In the context of Quaker Oats' brand extension, the results of Loken and Roedder John's (1993) study suggest that if Quaker cereals are associated with "high price" and "high quality," and Popeye cereals are not, the extension can result in a dilution of the specific beliefs associated with the parent brand. That is, consumers may stop associating Quaker cereals with the "high price" and "high quality" attributes. Both alternatives, therefore, have disadvantages. The focus of this paper is on another alternative available to some manufacturers – partnerships between private labels and national brand manufacturers via ingredient branding. Specifically, we examine the potential for both parties to benefit from using nationally branded ingredients in private label products.

Background

This section briefly summarizes our definition of ingredient branding and the benefits to all parties involved in a co-branding alliance between national and private brands. The research literature on private brands, co-branding, brand extensions, and information processing is then briefly reviewed. The implications of these research streams for this study are discussed before presenting the specific hypotheses in the following section.

Why Use Ingredient Branding?

Brands play an important informational role for consumers. In their detailed history of the development of brands, Low and Fullerton (1994) explain that manufacturer brands allowed consumers to assign identities to the different brands. They could consistently accept or reject brands based on their experience with those brands. Consumers could assume that by clearly

identifying their products, manufacturers were, in effect, taking responsibility for their brands (Strasser, 1989). Thus, branding allowed consumers to make attributions of quality to the manufacturers rather than to the retailers that sold the products. When product brands do not provide consumers with the information they need to make judgments, they need to look for other cues to evaluate the product. Encountering an unfamiliar brand with a nationally branded ingredient (e.g., "Masterpiece Ice Cream – with Hershey's Chocolate") may result in more favorable evaluations of "Masterpiece Ice Cream" simply because of consumers' affect towards Hershey's chocolate. The role of branded ingredients, therefore, is that they may allow an unfamiliar product to gain some credibility or positive affect from the branded ingredient. In talking about the effect of the "Intel Inside" program, the advertising manager of an IBM compatible computer maker said the logo communicates a "quality message. … You know our product is a quality product because it has an Intel chip in it." (Bertrand, 1992). This possibility of affect transfer would be of particular interest to manufacturers of national brands if consumers assigned "responsibility for the quality of product" to the product brand rather than the ingredient brand. Such a finding would have significant managerial implications. National brands could participate in the private label market by partnering with other manufacturers. This participation could occur without the national brand endangering their brand equity by being associated with a budget priced product. The private label product, on the other hand, would benefit by being associated with a branded ingredient. The objective of this study is to provide a preliminary empirical evaluation of the possibility of asymmetric consumer response to private labels and national brands working together in such a relationship.

In this manuscript, ingredient branding was viewed in terms of a private brand manufacturer's use of an established national brand product as an ingredient in an effort to

communicate quality or value of the private brand. This is slightly different from ingredient branding in a form where the ingredient product is used *exclusively* as an input to other brands like NutraSweet and DuPont Stainmaster (Norris, 1992, 1993).

Private Label Brands with Nationally Branded Ingredients – Why Bother?

Alliances between manufacturers of national brands and manufacturers of private brands have the potential of helping all parties involved. This is particularly important when one of the brands doesn't have a strong, established identity, as is the case with most private label brands. There are benefits to the producer of the private brand, to the producer of the national brand and even to retailers carrying these co-branded products.

Benefits to Private Brand Manufacturer. A developed brand carries established consumer perceptions while a private branded product would require investments to develop brand associations, and the guarantee that these positive perceptions would occur is not definite. By using a nationally branded ingredient, private brands may benefit from consumers transferring their positive affect towards the established brand to the unknown brand. In terms of Keller's (1993) definition of customer-based brand equity, this would allow the private label product to gain some brand equity, as customers may react more favorably to the product with the branded ingredient than they would to the unfamiliar private label brand on its own.

The nationally branded ingredient can support the private brand manufacturer not only in product promotion but also in improved access to distribution channels. If consumers are interested in a product with a branded ingredient, the retailer may allow easier access and additional shelf space for the manufacturer's product. For example, slotting fees were waived

when the Simple Pleasures Fat-Free Ice Cream was introduced by G.D. Searle and Dreyers Grand Ice Cream Company because of the high consumer demand (Norris, 1992).

The presence of a branded ingredient, viewed as high quality may carry over to the co-branded product resulting in a competitive advantage. As mentioned earlier, this was what led to many IBM PC-Clone manufacturers adopting the "Intel Inside" logo.

Benefits to National Brand (Ingredient) Manufacturer. Producers of branded products that can be ingredients in private brands may be able to lower costs with large volume orders. These producers can also use an alliance to reach new target markets without jeopardizing their brand equity. The majority of private-brand products are purchased by the price-conscious shoppers whose demographics include an average household income between $25,000 and $55,000 and range in age between 30 and 40 years. The American Association of Retired Persons found that older consumers prefer national brands due to resistance to change (Discount Store News, 1993). Since frequent buyers of private labels also tend to either prefer price over quality or look for the lowest price with respect to an acceptable quality level (Karolefski, 1993), associating with private brand manufacturers allows manufacturers of national brands to reach the value conscious segment of the population while retaining their primary target market.

Benefits to Retailers. The retailer, given limited shelf space, can benefit more from the addition of a new product that has a nationally branded ingredient than a private brand product without a proven sales track record. In the past, ingredient branding has been shown to contribute to increased product turnover (Norris, 1992).

Will it Work? An Overview of the Research Literature

There are several distinct areas of research that relate to the issue of private and national brands teaming up to provide benefits to all the parties involved. We briefly focus on the research on private brands, co-branding, brand extensions, and information processing.

Private Brands. A brand name is a trademark that distinguishes the product from its competitors' product (Cheeseman, 1992). A brand name can represent a symbol or template in long-term memory where meaning and information concerning the brand name or the product associated with the brand name is processed and stored (Morris, 1982). The more the product information supports the benefits consumer seek, the greater the long-term performance of the brand through established consumer loyalty.

A private-brand name can also be a symbol or template where meaning and information is processed and assigned. For example, traditional experiences of private-brand products include low and inconsistent quality and price, name unfamiliarity, and minimal packaging graphics. These experiences (pre-existing knowledge stored in long-term memory) hamper the consumer purchase decision of private-brand products. Through the introduction of higher-end private-brand brands such as President's Choice and Sam's Choice, private-brand product quality and packaging are becoming more competitive and being marketed as offering greater value than national brands (Shocker, Srivastava, and Ruekert, 1994).

Through private-brand loyalty, private-brand sales were expected to grow in the late 1980's and early 1990's to the point where control of 40 percent market share was considered inevitable (Verdon, 1994). This was based on the belief that consumers were no longer willing to pay a premium price for national brands (Shocker, Srivastava, and Ruekert, 1994). However,

between 1992 and 1993, private-brand market share within the food category increased only 0.1 percent, from 16.8 to 16.9 percent. Thus in essence, it remained flat. To increase market growth of private-brand products, programs must be developed to improve consumers' attitude toward, and value and quality perceptions of, private-brand products.

When consumers were surveyed concerning their feelings about the important factors affecting their buying, 64 percent said they were seeking products with reasonable prices while 47 percent stated they were seeking products with a reputation for quality (Heline, 1993). Consumer perceptions of private-brand products, such as low quality and value, are being changed through retailers' efforts to communicate quality and value to the consumer (Tenser, 1993). The goal is to gain and retain consumers, especially in the product areas where consumer loyalty to national brands is vulnerable. The key actions to increase private-brand market share consist of increasing product quality, providing consistent value, and communicating it through packaging.

Co-Branding and Brand Extensions. The competition between products (whether name brand or private-brand) is becoming so intense that branded products are being combined (co-brands) to increase shelf space (Food & Beverage Marketing, 1994). The primary objective of the development of a brand alliance is to increase the perceived quality levels of the co-branded product (Rao and Ruekert, 1994).

Combining two brands (private-brand brands or national brands) raises the question of what positive as well as negative effects may result from this. According to Park, Jun, and Shocker (1994), consumers may be confused when two brands are combined to make a composite brand extension such as "Slimfast cake mix by Godiva." Potential confusion, as this, may damage each brand associated with the co-branded product. In the case where a product using a nationally branded ingredient has its own strong identity, ingredient branding may result in a loss

in value to the co-branded product. Combining the two strong identities may confuse the customer and may result in consumers not having any clear perceptions of the**********d candy product with real fruit juice, Ocean Spray needed to determine if a candy brand would affect their established Ocean Spray brand equity. John Moreton, Ocean Spray's Operations Manager stated, "Anytime you consider exporting trademarks outside of their category, you have to ask, 'Does the product provide the defining attributes of the brand?'" (Food & Beverage Marketing, 1994).

Research in marketing has also focused on brand extensions– introducing a new product in a new product class with an existing brand name. The research of relevance to this paper has been on the transfer of affect from one product class to another based on consumer perceptions of the brand. When using a brand extension strategy, some assumptions are made: (1) consumers hold favorable attitudes towards the original brand in memory, (2) these positive associations engender positive attitudes towards the brand extension, and (3) negative associations are neither transferred nor created by the extension (Aaker and Keller, 1990). One consistent finding is that the positive feelings towards an extension require some degree of "fit" between the original and extension categories (cf. Boush and Loken, 1991). Rather than interpreting the "fit" between original and extension categories simply in terms of category similarity, recent research by

Broniarczyk and Alba (1994) has suggested that a stronger determinant of affect transfer is brand-specific associations. In that study, the authors show, through a series of experiments, that fit between brand-specific associations (a brand-specific association is an attribute or benefit that differentiates a brand from a competing brand) better determine the success of brand extensions. That is, rather than simply looking at the "fit" between product categories, a more relevant examination would be a fit in the brand-specific associations across the two product categories. In the context of private label brands considering using a nationally branded ingredient, this is encouraging because the nationally branded product, by its very nature as an *ingredient*, is likely to be in a product category quite different from the private label brand though closely associated with it. However, the Broniarcyk and Alba (1994) study suggests that this is less relevant than the fit between the brand-specific associations (e.g., SunMaid makes the best raisins; quality raisins are important in raisin bran cereal) of the two products.

Consumer Information Processing. Research in a variety of consumer behavior streams point to the influence of extrinsic and intrinsic cues in consumer decision making. Intrinsic cues are attributes or quality characteristics of products. Manufacturers may highlight these cues to affect consumers' decisions. Extrinsic cues refer not to the product's characteristics, but how the product is set up for consumer review. For example, these cues include the store where the product is sold, the price of the product, and the brand name of the product. When little information about a product is known, the consumer uses the external product environment (the extrinsic cues) to determine quality. However, when product information is known, the consumer focuses on the product quality level (the intrinsic cues) to determine quality (Monroe, 1990). Therefore, variables such as the product name, packaging graphics, and product price must be used to convey high quality when an unfamiliar product is introduced to the market.

A study conducted to show the high correlation between product quality and price found that the identical beer disguised with different brand names and prices and tested by consumers generated quite different responses. In 24 trials, students chose the most expensive beer as having higher quality (Monroe, 1973). This analysis indicates that there is a definite relationship between perceived quality and purchase price. The implications of this for private label manufacturers who introduce an unfamiliar brand to consumers with the "value price" feature highlighted, is clear. For a private-brand manufacturer to overcome any negative perceptions resulting from its low price, it must utilize other stimuli, such as brand name, product packaging and labeling to affect a purchase decision. This is another indication that private labels could benefit from co-branding alliances with national brand manufacturers.

Hypotheses

The objective of this study is to explore the possibility that both national and private brand manufacturers could benefit by using a national branded ingredient in a private label product. Of course, this would be of interest to national brand manufacturers only if such an alliance did not negatively influence their brand concept.

Purchasers of private label products tend to be more value conscious than purchasers of national brands. Research on brand extensions and co-branding support the notion that brand alliances and extensions can result in the transfer of affect towards a brand to an unfamiliar product. This leads to the first hypothesis:

H_1: Respondents evaluations (attitude towards product, value perceptions, and quality perceptions) of an unfamiliar private-brand product with a familiar national brand name

ingredient will be more positive than respondents evaluations of an unfamiliar private-brand product with an unbranded ingredient.

However, some risks exist that could endanger such an alliance. Would the national brand (ingredient) be perceived as having lower quality because of its association with a private-brand product? If this is so, the brand image of the national brand will be at risk. However, according to Karolefski (1993), if a private-brand product is believed to have a quality level comparable to that of major brands, those who are brand conscious will likely respond positively to the private-brand product. The higher the responsiveness, the less likely that the national brand name image will decline.

Undoubtedly, using a national brand name product as an ingredient and advertising that on the package of the private-brand product is a bold statement; a risk for the national brand's reputation. However, the alliance may also be interpreted by consumers as indicating that the private-brand product's quality level was presumed to be high by the national brand prior to the alliance. Additionally, consumers may make quality attributions to the product and not the brand of the *ingredient*. The reciprocal effect of affect towards the private label brand on the national brand will then be minimal. Therefore, the private brand may benefit from the alliance without damaging the image of the ingredient brand.

H_2: Respondents evaluations (attitude towards product, value perceptions, and quality perceptions) of a familiar national brand name (ingredient) will not be diminished by an association with an unfamiliar private-brand product.

Method

Sample Characteristics

Data were collected from several sources. A majority of the data were collected from students at two mid-western Universities. A table was set up in a public place and volunteers were solicited to help with the research study. Some of the data also came from an evening language class at the University. Finally, some participants were randomly intercepted at a city mall and asked to complete the brief questionnaire. Although this resulted in a wide age distribution of respondents, the sample skewed towards the younger college students. The final sample consisted of 253 volunteers with an average age of 27.75 years. Seventy four percent of the sample was younger than 30 years. The sample was almost equally divided between males and females (of those responding, 127 were females and 125 were males).

Procedure

On agreeing to participate, the subjects were handed a questionnaire booklet that said they were going to evaluate two grocery products – cold breakfast cereal and raisins. The products were chosen on the basis that private brands were relatively common for breakfast cereals and it allowed for a convenient pairing between a nationally branded product (Sun Maid Raisins) as an ingredient in an unfamiliar private label product (Heartland Raisin Bran Cereal). It was also a product with which most people (including students) had some experience. The private label brand was chosen to be unfamiliar to participants as we did not want prior perceptions or experience with the target product to confound the effect of our manipulation. Raisins were chosen as the cereal ingredient solely because there are few, if any, other choices where a national brand name product can be used as an ingredient in a cereal. The first section of the questionnaire

used Likert scales to measure consumer value consciousness. Subjects were then presented with an image of a box of Heartland Raisin Bran cereal which they were explicitly told was "a private label breakfast cereal that is produced by a small midwestern breakfast cereal manufacturer." After measuring consumer evaluations of the cereal (value perceptions, quality perceptions, and brand attitude), they were presented with the image of a bag of Sun Maid raisins. Subjects were asked to evaluate the product (value perceptions, quality perceptions, and product attitude) before being asked some demographic questions.

Manipulation

Each participant was provided with one of two versions of the experimental booklet. The booklets were identical except for the first visual stimulus (the breakfast cereal). The second visual stimulus (Sun Maid raisins) was identical in both versions of the booklet. Each of these stimuli are briefly described next:

Breakfast Cereal Stimulus - Version 1. The stimulus consisted of a picture of a cold breakfast cereal package "Heartland Raisin Bran" with a promotional signal "NOW WITH" above a small picture of a Sun Maid raisin package, thereby, drawing attention to the fact that the raisin ingredient used in the cereal was Sun Maid raisins. A price of $1.99 for the 20 ounce box of cereal was added so that value perceptions could be measured. The price was based on visits to area grocery stores over a two week period where comparable cereals' (national brands and private-brand brands) prices were recorded.

Breakfast Cereal Stimulus - Version 2. The other version of the stimulus was identical to version 1 except for the fact it made no mention of any branded raisin ingredient. The price and quantity information was identical to the first version of the stimulus.

Sun Maid Raisins Stimulus. This stimulus consisted of a picture of a Sun Maid raisin package. A price of $1.49 for a 15 ounce box was provided so that value perceptions could be measured. This price was also based on the actual price of a 15 ounce box of Sun Maid raisins recorded at local grocery stores over a period of time.

Measures

Product Attitude. A ten-item, seven-point bipolar adjective scale was used to measure respondent attitude towards each of the two products after exposure to each stimulus. The adjectives were selected from previous attitude studies and from Osgood, Suci, Tannenbaum's (1957) book on semantic differential scales. Only items appropriate to grocery products were included. Reliability (coefficient alpha) was excellent (above .90).

Value Perceptions. A six-item, seven-point summated ratings scale developed by Petroshius and Monroe (1987) was used. Coefficient alphas ranged from .75 for the cereal to .86 for the raisins.

Quality Perceptions. A five-item, seven-point summated rating scale based on Dodds, Monroe and Grewal's (1991) quality scale was used to measure quality perceptions of the two products. The items were slightly modified to make them appropriate for grocery products. For example, the original scale used adjectives like "dependable," "durable," and "reliable." The inappropriate adjectives were replaced with the following adjectives: wholesome/not wholesome, pleasant/unpleasant, superior/inferior, and excellent/poor. The coefficient alphas for this scale ranged from .82 for the cereal to .78 for the raisins.

Value Consciousness. A seven-item, seven-point scale for value consciousness developed by Lichtenstein, Netemeyer and Burton (1990) was used to measure value consciousness. The coefficient alpha for this scale was a respectable .84.

Results

Manipulation Check

A manipulation check was used to check the effectiveness of the "branded ingredient" manipulation. All subjects were asked at the end of the questionnaire if the cereal they had evaluated mentioned any specific brand of raisins. If so, they were asked to recall the brand of the ingredient. Of the respondents who saw the cereal stimulus with the Sun Maid raisin ingredient, 88 percent recalled that the private-brand cereal did use a branded raisin ingredient. 97 percent of these subjects correctly recalled the brand of ingredient as Sun Maid. Of the respondents exposed to the cereal without a branded ingredient, 85 percent did not recall a brand name for the raisins in the cereal. The manipulation, therefore, was effective.

Hypothesis 1

The first hypothesis stated that the respondents' evaluations (attitude, value perceptions, and quality perceptions) of an unfamliar private-brand product (Heartland Raisin Bran cold breakfast cereal) will be more positive if it uses a nationally branded ingredient (Sun Maid raisins).

The hypothesis was tested using a multivariate analysis of variance (MANOVA) test, which is an appropriate statistical technique when two or more related dependent variables exist. The results were statistically significant (Wilks' Lambda=.926527; Rao R Form 2 (3,241)=6.370403; Pillai-Bartlett Trace=.073473; p=.000359). To further analyze the

significance of each dependent variable, t-tests were used to determine if the mean of the respondents' evaluations was significantly different between the Heartland Raisin Bran cold breakfast cereal with Sun Maid raisins and Heartland Raisin Bran without any mention of a raisin ingredient. The results showed that respondents' product attitude and quality perceptions were significantly more positive ($p<0.001$) when Heartland Raisin Bran used Sun Maid raisins as an ingredient, thus supporting Hypothesis 1. However, respondents' perceptions of value were no different ($p=.73$). The cell means are presented in Table 1. While we expected consumers to evaluate the Heartland Raisin Bran *with Sun Maid Raisins* as providing better value (being a better deal) than the Heartland Raisin Bran without the Sun Maid association, we developed a *post hoc* explanation as to why there was no significant difference in value perceptions between the two groups. The reasoning behind our original expectation was that "value" is usually described in terms of a ratio of quality to price. Since the price remained the same across the two versions and quality perceptions were significantly higher for the branded ingredient product, it was surprising that the product was not perceived as offering greater value. One explanation for this result is that consistent with the findings of Petroshius and Monroe (1987), the sacrificial dimension of price remains the major influence on responses to price. Consumer responses to absolute price overwhelmed the effect on value perceptions. That is, the low price of the cereal ($1.99 for 20 oz) strongly positively influenced value perceptions and therefore value perceptions were uniformly high. Similarly, Lichtenstein, Netemeyer, and Burton (1990, p. 56) noted, "... though a consumer recognizes one brand as offering the highest ratio of quality to price, it may not necessarily be the best value for the particular consumer. The quality of the product may exceed the consumer's specific quality requirements. Therefore, the highest value for the particular consumer is viewed as the lowest priced product that meets his or her specific quality

requirements." In this study, the low price may have, in effect, maximized value for all subjects and small differences at the high end of "value" were not influenced by the manipulation.

Table 1 about here

Hypothesis 2

The second hypothesis stated that the respondents' evaluation (attitude, value perceptions, and quality perceptions) of a familiar brand name product (Sun Maid raisins) would not diminish if the brand name's product (raisins) was used as an ingredient in an unfamiliar private brand product (Heartland Raisin Bran cold breakfast cereal). The MANOVA test, as hypothesized, was not statistically significant (Wilks' Lambda=.976316; Rao R Form 2 (3,238)=1.924486; Pillai Bartlett Trace=.023684; p=.126). Hypothesis 2 was, therefore, also supported.

Separate Scheffé tests were used to examine differences in means for each dependent variable. The results showed that respondents' product attitude and quality perceptions of Sun Maid raisins did not change (p>.10) after being exposed to a private label cereal with Sun Maid raisins as an ingredient. However, an unexpected result was a statistically significant difference in value perceptions between the two groups (p=.022). More surprising was the fact that subjects who were exposed to the private brand cereal with Sun Maid raisins as an ingredient had a *more positive* perception of value of the Sun Maid raisins. That is, rather than the association with a private brand hurting the evaluations of the raisins, it helped. After the association with the private brand of cereal, subjects perceived Sun Maid raisins as offering a *better* value. The cell means for consumer evaluations of the branded product are presented in Table 2.

Table 2 about here

Again, a *post hoc* analysis seemed to provide a reasonable explanation. It is possible, that respondents who were particularly value conscious transferred some of their affect from the

private brand cereal to the Sun Maid raisins. That is, given that perceptions of Sun Maid raisin quality remain unaffected, the fact that the high quality Sun Maid raisins were associated with a private label cereal may have influenced how value conscious consumers viewed the price of the raisins. This explanation would suggest that only subjects who are high in value consciousness would perceive the Sun Maid raisins as being better value after seeing it associated with the private brand cereal. To test this, a median split was used to divide the sample into low and high value consciousness subjects. In the high value consciousness group, as expected, value perception of Sun Maid raisins after exposure to the co-branded cereal was significantly higher than value perception of Sun Maid raisins after exposure to the private brand cereal with no branded ingredient (4.99 vs. 4.54; p=.02) . On the other hand, in the low value consciousness group, there was no statistically significant difference in value perceptions irrespective of whether subjects saw the cereal with the branded ingredient or not (4.78 vs. 4.56; p=.24). It appears, therefore, that a national brand's association with a private label can actually help perceptions of the national brand among value conscious consumers.

Conclusion

It was empirically shown that the association of brand name ingredients with private-brand products can have a positive impact on consumer evaluations of an unfamiliar product. Respondents' quality perception and attitude toward a private-brand raisin bran cereal was significantly more positive when a brand name ingredient was used in it and highlighted on the product's packaging. There seems to be, therefore, significant benefits to private label brands in seeking out alliances with national brands for ingredients.

It was also shown that a brand name product (Sun Maid raisins) used as an ingredient in a private-brand cereal (Heartland Raisin Bran) will not negatively affect consumer evaluations of the branded product. The results show that respondents' quality perception and attitude toward the product did not change after the brand name product was associated as an ingredient in the private-brand product. In fact, among value conscious consumers, the association with a private label product actually enhanced value perceptions of the nationally branded product. Therefore, manufacturers of branded products may want to seriously consider strategic alliances with private-brand products to increase their sales volume and participation in the private label market. Additionally, it may help them reach value conscious consumers even for their own nationally branded product. The lack of significant negative effects on the national brand is particularly encouraging given that in this artificial setting, subjects evaluated the nationally branded product immediately after exposure to the co-branded product. It is therefore even less likely in "real world" conditions that exposure to the co-branded product would result in significantly negative affect towards the national brand. The artificiality of the situation may, however, have overstated the enhanced value perceptions of the nationally branded product.

Although the results of the exploratory study were positive, as is true in all research, there are some limitations that may limit the generalizability of the results. First, the private-brand name given to the cold breakfast was fictitious. This was intended to eliminate the effect of prior (possibly negative) experiences. In reality, an existing private-brand product combined with a branded ingredient may not have as significant results because of consumers' past negative experiences. Second, the majority of the data was obtained through college students with the remainder of the data obtained through mall shoppers. This was acceptable for preliminary theory testing, but additional testing using a truly random sample is required prior to making broad

generalizations about the market effectiveness of such brand alliances. Finally, raisins were used as the ingredient manipulation because there are very few widely known national brand name raisin products and few options for ingredients in cold breakfast cereal products. NutraSweet and national brand chocolate products were also considered as ingredients for this study; however, these products are currently being used in co-branding alliances. Using raisins as the ingredient in the study may have created a conflict with respondents who did not like or eat raisins. Even though respondents' evaluations were to be based on the visual stimuli, their feelings of dislike for raisins may have biased their evaluations.

From a managerial point of view, an important consideration is the price of the private label product with the branded ingredient. The situation examined in this study assumes that a strategic alliance between a private label manufacturer and a national brand manufacturer does not result in a significant increase in price of the co-branded product. If such alliances naturally result in a price increase, the whole advantage of "private labels" may be lost. As long as consumers continue to *perceive* the private label product (with the branded ingredient) as being lower priced, there is an advantage to both parties involved in the alliance.

Directions for Future Research

The results of this research provide direction and insight to those who see potential advantages and future gains through the partnership of private-brand and national brand products. This research has explored the potential for strategic brand alliances that have hitherto been ignored. There are several possibilities for additional research on private-brand/national brand alliances with attention being placed on different commodities and brands, such as, frozen foods,

health and beauty aids, electronics, etc. Greater attention also needs to be placed on the potential risks associated with a private-brand and national brand alliances for all parties involved.

Importantly, while this exploratory study examined the potential for both parties in a ingredient branding alliance to benefit, it did not examine the *process* by which affect transfer could occur. This study, however, has set the stage for further theory development on *how* and *why* the parties in the alliance would benefit rather than simply looking at *whether* they would benefit. It should be pointed out that the hypotheses examined here were based on an analysis of the research literature on branding and consumer information processing, but a clearly defined model of the effects was beyond the scope of this exploratory investigation. The unexpected findings in this paper regarding the "value" measure point to the potential for developing a clear framework of the process by which various cues may influence consumer perceptions of the brands involved in the alliance.

In this study, respondents' evaluations were measured immediately after viewing the visual stimulus. Considering time as a function of respondents' evaluations may provide additional insight into a private-brand and national brand alliance. For example, over a period of time, consumers may become immune to the fact that a brand name ingredient is present in a private-brand cereal and the benefit of "affect transfer" could be lost over time.

TABLE 1

Cell Means for Evaluations of Breakfast Cereal

Dependent Variable	**Cell Mean**	**2-tail Significance (*p*)**
Product Attitude		
Cereal **with** Branded Ingredient	4.7499	.00065
Cereal **without** Branded Ingredient	4.3572	
Value Perceptions		
Cereal **with** Branded Ingredient	5.3976	.7289
Cereal **without** Branded Ingredient	5.4364	
Quality Perceptions		
Cereal **with** Branded Ingredient	4.9575	.00018
Cereal **without** Branded Ingredient	4.5237	

Note: Unfamiliar breakfast cereal brand was "Heartland Raisin Bran" in all conditions and the branded ingredient was "SunMaid Raisins" (only in branded ingredient version).

TABLE 2

Cell Means for Evaluations of SunMaid Raisins

Dependent Variable	**Cell Mean**	**2-tail Significance (*p*)**
Product Attitude		
After exposure to cereal **with** Branded Ingredient	5.7029	.5765
After exposure to cereal **without** Branded Ingredient	5.6287	
Value Perceptions		
After exposure to cereal **with** Branded Ingredient	4.8740	.0225
After exposure to cereal **without** Branded Ingredient	4.5754	
Quality Perceptions		
After exposure to cereal **with** Branded Ingredient	5.7512	.1956
After exposure to cereal **without** Branded Ingredient	5.6000	

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FOR REVIEWERS ONLY (Not for inclusion in manuscript)

MEASUREMENT SCALES USED IN STUDY:

Product Attitude:

1. Good-Bad
2. Dislike very much-Like very much
3. Poor Quality-High Quality
4. Favorable-Unfavorable
5. Desirable-Undesirable
6. Wholesome-Not wholesome
7. Pleasant-Unpleasant
8. Appealing-Unappealing
9. Superior-Inferior
10. Excellent-Poor

Value Perceptions (*Petroshius and Monroe 1987)*:

1. This cereal (raisin product) is: very good value for the money- very poor value for the money
2. At the price shown, this cereal (raisin product) is: very economical- very uneconomical
3. I would consider this cereal (raisin product) to be a good buy: strongly disagree- strongly agree
4. The price shown for this cereal (raisin product) is: very acceptable- very unacceptable
5. I would consider this cereal (raisin product) to be: very expensive- very inexpensive
6. This cereal (raisin product) appears to be a bargain: strongly disagree- strongly agree

Quality Perceptions (*Dodds, Monroe and Grewal 1991)*:

1. This cereal (raisin product) appears to be of: very good quality- very poor quality
2. The likelihood that this is a quality cereal (raisin product) is: very high- very low

3. The cereal's (raisin's) flavor would seem to be appealing: strongly disagree - strongly agree
4. The quality of the cereal (raisin product) shown is: very high- very low
5. The likelihood that this cereal (raisin product) will taste good is: very high- very low

Value Consciousness (*Lichtenstein, Netemeyer, and Burton 1990*):

Each of the following statements were followed by standard seven point Likert (strongly disagree - strongly agree) scales:

1. I am very concerned about low prices, but I am equally concerned about product quality.
2. When grocery shopping, I compare the prices of different brands to be sure I get the best value for the money.
3. When purchasing a product, I always try to maximize the quality I get for the money I spend.
4. When I buy products, I like to be sure that I am getting my money's worth.
5. I generally shop around for lower prices on products, but they still must meet certain quality requirements before I will buy them.
6. When I shop, I usually compare the "price per ounce" information for the brands I normally buy.
7. I always check prices at the grocery store to be sure I get the best value for the money I spend.