Chapter 9

Does Packaging Matter?
Private Labels’ Dress Codes and Consumer Choice

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ABSTRACT

This chapter provides an overview on the impact of private labels’ trade dress code on consumers’ product choices and attitudes, assessing to what extent the adoption of different type of packaging increases the likelihood of purchase of private labels, specifically when retailers opt for a copycatting packaging strategy. Few prior studies have systematically examined the implications of this strategy often adopted by retail marketers. This chapter offers an empirical perspective of this problem, analyzing it in a simulated supermarket experiment, across multiple product categories. Findings suggest that with exception of a few product-categories, copycat strategies have a positive impact on PLs likelihood of purchase. In certain product categories as groceries and pet food, the differential between likelihood of purchase of PL when following a copycat strategy vs a own-packaging strategy can go up to 15 p.p., highlighting the powerful effect that copycat packages can have on consumers’ PLs choice.

INTRODUCTION

Packaging is an important communication channel at the point of sale (Hellström & Nilsson, 2011) because not only works as a vehicle to get consumers’ attention towards the products, as also has the ability to influence sensations, perceptions, and attitudes towards the products (Venter et al., 2011). As outlined by Lans and colleagues (2008), packaging has a critical role in the decision-making process because the majority of the struggle on the shelves is visual. Previous research on packaging has focused on a variety of aspects of packaging on consumer behavior. For example, package characteristics as shape (Folkes et
Despite the recognition that packaging strategies can affect consumers’ perceptions about the products (Steenkamp et al., 2010) and can increase consumers’ perceptions of product quality (Zaichkowsky & Simpson, 1996), very few articles have tried to study the impact of specific private labels (PLs) packaging strategies on consumers’ behavior.

This chapter aims to address this gap in the literature and to discuss the importance of PLs packaging strategies on consumers’ perception towards retailer brands and its purchase decision. Not just private labels are present on almost every product category (Ailawadi et al., 2008; Lamey et al., 2007), as also they are starting to behave in the markets as manufacturing brands do (Cuneo et al., 2015; Kumar & Steenkamp, 2007; Sethuraman & Gielens, 2014). In fact, we assist nowadays to a proliferation of multiple strategies undertaken by retailers to differentiate their private labels assortment. From an initial focus on price, private labels are rapidly moving to a quality positioning, with about 70% of consumers believing PLs have reliable quality (Nielsen, 2014).

Another interesting trend we can observe in the market is related with how PLs present themselves to consumers in the retailers’ shelves- PLs trade dress code. While some retailers opt to invest in the development of package characteristics specific to the retailers’ image- own packaging strategy (OP), anecdotal evidence suggests that instead many retailers adopt trade-dress strategies for their PLs very similar to the ones developed and used by manufacturing brands (Dobson 1998; Miceli & Pieters 2010; Warlop & Alba 2004)- a phenomenon often referred to as copycat strategy (van Horen and Pieters, 2012a). This packaging strategy has been outlined as having the potential of creating confusion during consumer choice process (Kapferer, 1995) and eventually facilitating the generalization of positive associations between brands being compared (Loken et al., 1986). The present chapter focuses on the analysis of this last PL packaging strategy (copycat) discussing the impact that the adoption by retailers of similar trade dress code to the one adopted by brand manufacturers can have on consumers PLs perceptions and choice. This is relevant because despite the high number of previous studies that have focused on the study of private labels and its related issues, very few have focused in understanding the impact of PLs trade dress on consumers’ behavior. Moreover, in order to provide readers with some empirical evidence of the described phenomenon, this chapter will include an empirical section where the authors test in a simulated supermarket study the impact of PLs trade-dress code visually similar to the one of manufacturing brands on consumer choice.

BACKGROUND

In the last decades, the retailing industry has suffered significant changes that had direct implications in terms of private labels proliferation (Ailawadi & Keller, 2004; Cuneo et al., 2015). From an increase in the number of players to a significant change in terms of economic conditions and consumers’ behavior, retailers had to adopt new strategies to be competitive. One of the strategies followed by retailers was the introduction of retailer brand products (Kumar & Steenkamp, 2007), which have witnessed a considerable growth in the last decades (Sethuraman & Gielens, 2014). Due to the growing sales registered in the generality of the markets (Steenkamp et al., 2010), the private labels initial positioning in terms of low-price has shifted to an increasing quality-oriented offer (ter Braak et al., 2013). For example, in a worldwide study conducted by Nielsen (2014) about 71% of the respondents agreed that the perception...