



## Discount venture brands: Self-congruity and perceived value-for-money?

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## ABSTRACT

Grocery retailers have begun to target price conscious consumers with a new type of budget brand, called discount venture brands. These brands are exclusive to the retailer. Sharing the same price point as economy private-label brands, the aim of discount venture brands is to attract customers with an overall look-and-feel that is not explicitly premium, yet is more attractive than that of conventional budget brands. Drawing on the self-congruity literature, the authors explore two questions: (1) whether customers perceive discount venture brands to offer greater value-for-money than conventional budget brands; and (2) whether such perceptions translate to customer impressions about the retailer brand? Results from a scenario-based experiment involving 505 participants suggest that, in comparison with conventional budget brands, discount venture brands may be less conducive to engendering favorable value-for-money perceptions; in short, discount venture brands may be less effective than conventional budget brands. This finding can be explained with a concept called self-congruity. Overall, we show that self-congruity acts as an indirect-only mediator of the path between the type of a brand and value-for-money perceptions of the brand. Particular findings are that self-congruity has a positive effect on value-for-money perceptions associated with conventional budget brands, discount venture brands, and the retailers selling those brands. However, for consumers with a preference for brands with a budget price point, self-congruity appears to be higher for conventional budget brands than discount venture brands; and this difference in self-congruity is more pronounced when shopping for others than when shopping for oneself.

## 1. Introduction

The use of private-label brands—those owned by a channel intermediary such as a wholesaler or retailer—have become common practice since their first introduction by *Brooks Brothers* in the United States during the 1850s. Perhaps more than elsewhere, private-label brands are widely utilized in the grocery industry. Data published by the Private Label Manufacturer's Association (PLMA, 2018) shows that market share for private-label brands has increased steadily in 12 of 19 European countries, exceeding 30% in 17 of those countries, and approaching 46% both in the United Kingdom (UK) and Germany.

Tesco, the UK's largest groceries and general merchandise retailer, has been a pioneer in the development of private-label grocery brands.

Recently, Tesco introduced what have come to be referred to as *discount venture brands* (DVBs), which are the focus of this study. DVBs are a variant of budget private labels and have distinct characteristics: (1) an absence of brand owner elements (except for an "Exclusive at Tesco" reference); (2) a deep-discount price to compete with competitors' budget price points; and (3) a more appealing, slightly upmarket look than the typical plain look of conventional budget brands.

DVBs, which to our knowledge are still unique to Tesco, represent a private-label brand strategy aimed at trumping competitors' *lowest-tier* private-label and national budget brands with a more appealing look-and-feel, while matching them on their budget price. The underlying positioning logic of DVBs is to negate customers' perceptions of purchasing a 'cheap' product by way of a decidedly more appealing brand

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appearance. By breaking with the usual plain appearance of a conventional budget brand, the managerial intent is that DVBs will be perceived by customers to represent better value-for-money than conventional budget brands because of their more appealing appearance, leaving customers more satisfied with their budget purchase (see Walsh, Albrecht, Hofacker, Grant, & Takahashi, 2016). By extension, the managerial expectation is that the brand of the DVB retailer, in its own right, also will be perceived by consumers to be value-adding. Examples of Tesco's DVBs are “Ms Molly's”, an ice cream brand, and “Hearty Food Co”, a line of frozed ready meals.

The reception of DVBs by industry commentators and analysts has not been entirely favorable. Reflecting on Tesco's DVB initiative in particular, Vizard (2014) points to the chief executive of branding agency Lambie-Nairn, who believes DVBs “are just another distraction” for grocers like Tesco “at a time when they should be focusing on the master brand”, which is under threat by deep-discounters (e.g., Aldi and Lidl). Vizard (2014) reports that some analysts see the basic problem being that DVBs “add an extra layer of complexity” at the budget-end of product lines and “can appear ‘sneaky’ in an age when shoppers are looking for transparency” and “a simpler shop”.

A question that arises, then, is whether DVBs offer consumers a compelling value proposition by adopting a budget price-point, but not a budget look. Answers to this question will enable us to meet the objectives of the present study, which are to investigate (1) whether customers perceive DVBs to offer greater value-for-money than conventional budget brands with their, usually, plain approach and, in turn, (2) whether, after introducing DVBs, consumers also perceive the retailer brand in its own right to offer greater value-for-money. To address our research objectives, we draw on a concept called self-congruity (e.g., Sirgy, 1986; Sirgy, Johar, Samli, & Claiborne, 1991) and adopt an experimental research design involving 505 participants.

Considering the scarcity of scholarly work on DVBs, our study aims to make two contributions. First, we develop a conceptual framework to test whether and how DVBs can affect value-for-money perceptions of products and the retailers' brands offering such products. Second, we provide evidence of the applicability and relevance of self-congruity in the field of private-label branding.

## 2. Discount venture brands

Private-label brands allow retailers greater levels of control over their brand portfolio. Private-label brands can (1) yield higher gross margins than national brands (e.g., Ailawadi & Harlam, 2004), (2) provide negotiating leverage and bargaining power with national brands (e.g., Pauwels & Srinivasan, 2004), (3) enable exclusive retailer-customer relationships (e.g., Conn, 2005), (4) reduce inter-manufacturer competition (e.g., Soberman & Parker, 2006), and (5) improve store loyalty (e.g., Koschate-Fischer, Cramer, & Hoyer, 2014). Some retailers carry multiple tiers of private labels in their brand portfolio; three-tiered programs—and a corresponding Good-Better-Best differentiation scheme—are commonplace (e.g., Geyskens, Gielens, & Gijbrecchts, 2010). In the groceries and general merchandise industry, Tesco has pioneered a refinement of these three tiers.

First, in 2011, Tesco extended its private-label range by introducing *venture brands*, which refer to a type of private-label brand aimed at *mid-* and *top-tier* competing private and national brands and are characterized by (1) an absence of elements of the owner's brand (e.g., the Tesco mark), (2) an appealing look-and-feel to match the targeted competition, as well as (3) a highly competitive mid- or top-tier price point. Effectively, these brands compete on price while offering look-and-feel parity with targeted competitors. Examples of Tesco's venture brands are “Chockablock” for their ice cream and chocolate line and “Parioli”, an Italian dining product line.

More recently, Tesco re-developed its budget private-label range by launching the aforementioned DVBs. Building on the *venture brand* concept of not displaying brand-owner elements (except for an

“Exclusive at Tesco” reference on DVB products; in a white circle, like a stamp), DVBs match competitors' deep-discount prices, but aim for an appearance that breaks with the typical cheap-and-cheerful appearance of conventional budget brands. The newly developed DVBs are destined to eventually replace Tesco's current budget private-label brand called “Tesco Everyday Value”, one that unmistakably displays Tesco brand elements and, by most accounts conveys a deep-discount look-and-feel. DVBs are designed to look *good* and avoid visual ‘budget’ connotations, while not interfering with Tesco's core and premium private label ranges' respective *better* and *best* positioning.<sup>2</sup> Inverting the competitive logic of venture brands, DVBs compete with an enhanced appealing look-and-feel while offering price parity with competitors' budget offerings. To date, and as far as we know, DVBs are unique to Tesco. Other examples DVBs, in addition to those noted earlier, are “Grower's Harvest” and “Boswell Farms”.

## 3. Conceptual background and hypothesis development

### 3.1. Discount venture brands

The conceptual perspective developed in this study is that DVBs are likely to suffer from ‘identity ambiguity’. Research shows that when consumers attempt to interpret the identity of a brand, they make brand comparisons and draw associations with other brands already embedded within their memory structures (e.g., Keller, 1993; Krishnan, 1996). However, brand association memories often can be fuzzy (Krishnan, 1996). Hence, for customers to fully understand what a particular brand stands for, the brand needs to communicate its intended identity unambiguously. Given that a brand's price and general look-and-feel convey identity information, DVBs' deep-discount prices on one hand and the ‘I-am-not-cheap’ appearance on the other may be a mismatched combination of brand elements. The discounted price-point indicates ‘budget category’, but its appealing appearance does not. Such a combination might seem ambiguous from a consumer perspective, as they may wonder how DVB products should be interpreted. As a result, DVB identities are likely to appear more ambiguous, or blurred, than those of conventional budget brands (see Erdem & Swait, 2004).

For firms to justify investing in the development and launch of DVBs, it is important to understand whether and how DVBs affect customers' value-for-money perceptions of both products and retailers. As we will argue in the development of our conceptual model, DVBs with ambiguous identities may be handicapped in engendering customer self-image congruence. This well-documented motivational tendency of consumers to seek self-congruity could potentially have a negative impact on consumers' willingness to accept DVBs with ‘blurred’ brand positioning. The next section provides an overview of self-congruity to establish a theoretical basis for this study. Then we proceed with developing our hypotheses.

### 3.2. Consumer self-congruity and brand-related behavior

Our conceptual baseline is that consumers who purchase brands with a budget price point—even if they could afford a more expensive product version—are budget-oriented. In other words, unless consumers have no financial option but to purchase the most inexpensive product for their needs, it seems reasonable to assume that they perceive themselves as financially responsible if they choose to purchase a budget brand.

Our theoretical approach draws on what is referred to in the literature as consumer self-congruity, which is a theoretical concept that describes a tendency among consumers to evaluate, purchase, and consume products (goods and services) depending on the extent to

<sup>2</sup> We are grateful to the Head of Customer Strategy at Tesco for this explanation in 2018.

which the apparent image of those products matches the perception of themselves, or their self-image (e.g., Sirgy, 1986; Sirgy et al., 1991, 1997; Sirgy, Lee, Johar, & Tidwell, 2008).<sup>3</sup> The two cornerstone constructs of self-congruity are, on one side, self-image and, on the other side, the image of the congruity focus. In our study, the congruity focus is brand image—of both product and retailer. We discuss these two constructs next.

The literature identifies several types of self-image (e.g., Bosnjak, Sirgy, Hellriegel, & Maurer, 2011; Malär, Krohmer, Hoyer, & Nyffenegger, 2011). Actual self-image, the type relevant to this study and hereafter simply referred to as self-image, relates to how individuals perceive themselves. Self-image<sup>4</sup> is defined as “the totality of the individual's thought and feelings having reference to himself as an object” (Rosenberg, 1979, p. 9). Brand image, as a consumer's interpretation of a brand's sought identity, can be defined as “a set of associations, usually organized in some meaningful way” (Aaker, 1991, p. 109).

Against this backdrop, we follow Sirgy et al. (2008) and define self-congruity with a brand as the extent to which consumers perceive the apparent image of a particular brand to match their own self-image during a consumer-brand interaction, such as shopping, purchasing, or consuming. Sirgy et al. (2008) offer a detailed explanation of self-congruity, which can be summarized as follows.

Consumers have certain beliefs about themselves, their identities, and their values. Once established, such beliefs require protection for the sake of preserving and reinforcing consumers' sense of who they are, or their self-image, contributing in turn to their psychological comfort and self-esteem. Therefore, consumers are motivated to act in ways that preserve and reinforce their self-image. Accordingly, consumers will be motivated to prefer products that have an image consistent with their own self-image. Consider the example given by Sirgy et al. (2008, p. 1092) for purchasing clothes:

“Most people purchase clothing outfits that fit their actual self-image, irrespective of whether these self-images reflect their ideal self. Consumers who view themselves as sloppy looking are likely to buy clothes (and repeatedly do so) that reinforce themselves as sloppy looking, even though they may not like themselves as sloppy looking.”

(Ericksen & Sirgy, 1989, 1992)

More broadly, studies have shown that preferences induced by self-congruity can be expressed variously such as in terms of customer commitment (e.g., Yim, Chan, & Hung, 2007), customer satisfaction and choice (e.g., Sirgy et al., 1997), brand loyalty (e.g., Sirgy et al., 2008), and perceived product value (e.g., Shamah, Mason, Moretti, & Raggiotto, 2018).

Fig. 1 depicts our conceptual framework and predictions. The sequence of hypotheses explores whether customers with a preference for budget brands perceive DVBs to offer greater value-for-money than conventional budget brands and, if so, perceive brands of retailers to offer greater value-for-money if they sell DVBs.

The construct of central interest is perceived value-for-money, which generally refers to how consumers assess a product's benefits relative to its cost/price (Holbrook, 1994). Two particular value-for-money aspects are of interest: product-brand (e.g., Ms Molly's) and retailer-brand (e.g., Tesco) value-for-money.

<sup>3</sup> Early research into consumer self-congruity refers to a match between the ‘user image’ of the congruity focus and consumers' self-image (e.g., Sirgy et al., 2000); in later work, the concept of ‘user image’ is broadened to include the image of the congruity focus itself, and is not limited to the image of the users of the congruity focus (e.g., Sirgy et al., 2008).

<sup>4</sup> Self-image is sometimes also referred to as self-concept (e.g., Sirgy, 1982; Sirgy et al., 2008).

### 3.3. Hypothesized effects

Our assumption is that consumers who purchase grocery brands at a discount price are likely to consider financial responsibility and budget orientation to be facets of their self-image.<sup>5</sup> Turning to our first prediction, we argue that the more clearly recognizable the identity of a product brand is, the higher the level of self-congruity with that brand. In comparison with DVBs, conventional budget brands are more easily recognizable as budget brands since their look-and-feel is more in-line with their discount price point. As a result, the identity of a conventional budget brand (e.g., Tesco Everyday Value) is likely to appear less ambiguous than the identity of a DVB (e.g., Ms Molly's). Building on our earlier explanation of self-congruity, we predict that consumers with a preference for purchasing a budget price brand will experience a higher level of self-congruity with a conventional budget brand than a DVB. Explicitly, we predict:

**H1.** For consumers with a preference for a budget-price brand, the extent to which self-image and brand-image are congruent will be higher for a conventional budget brand than a DVB.

We further argue that shopping tasks can affect consumer brand-evaluations and choices. We consider two shopping tasks in particular, namely shopping for (1) oneself and (2) others (see Puccinelli, Deshpande, & Ison, 2007). We suggest that there is a distinct possibility that self-congruity in a shopping-for-others circumstance could be higher than when shopping for oneself. This is based on the idea that consumers' shopping intentions to buy for others, instead of for themselves, may enhance the level self-congruity they seek, because, through their evaluation and subsequent choice of a given product brand, consumers may hope to leverage the brand's image to convey their self-image to others (e.g., Sirgy, 1982). On this basis, it is plausible that the difference in self-congruity between a DVB and conventional budget brand specified in H1 will be more pronounced when shopping for dinner guests than when shopping for oneself. Specifically:

**H2.** There is a two-way interaction effect of type of brand and type of shopping task on the extent to which self-image and brand-image are congruent, such that the congruence difference between a DVB and conventional budget brand will be more pronounced when shopping for others than when shopping for oneself.

We also expect product brands that engender a higher level of budget self-congruity with consumers will receive a stronger value-for-money endorsement from those consumers than product brands that less clearly demonstrate their budget nature. Our reasoning is derived from the aforementioned motivational tendency of consumers to engage in judgements and behaviors that are consistent with views of themselves (i.e., a tendency to establish self-congruity). Specifically, product brands that more clearly match one's self-image (e.g., being financially responsible) than other brands and, therefore, contribute more to one's self-congruity, are more likely to be interpreted favorably in light of one's self-image (e.g., being interpreted as providing greater value-for-money than other brands). In this study's specific context, we therefore predict that self-congruity will have a positive effect on perceived product-brand value-for-money, which is stated in H3a. Indirect empirical support for this expectation is provided by Shamah et al. (2018).

**H3a.** The higher the congruence between self-image and product brand-image, the stronger the positive effect on perceived product-brand value-for-money.

<sup>5</sup> We acknowledge that some consumers may have no financial option other than to purchase the most inexpensive grocery product for their needs, regardless of whether they perceive themselves to be budget-oriented or not. We account for this possibility in our experimental design.

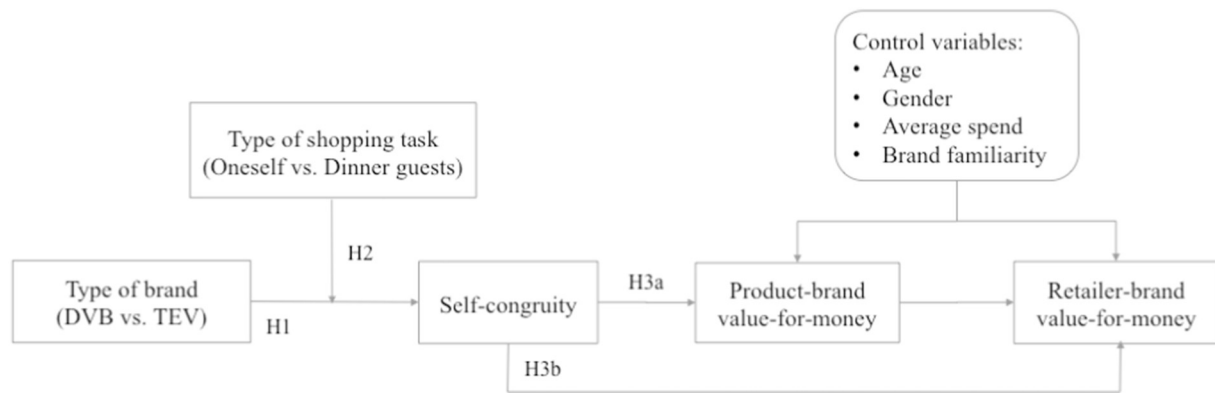


Fig. 1. Conceptual model.

Finally, self-congruity can be expected to not only affect consumers' value perceptions about product brands, but also value perceptions of the retailer's brand. We have this expectation because a product brand is also a firm's touchpoint for consumers. Therefore, customers' cognitive relationships with product brands should extend to the retailer offering the product brands, an expectation for which there is ample support in the literature (e.g., Gammoh, Mallin, & Pullins, 2014; Gremler & Gwinner, 2000; Netemeyer, Heilman, & Maxham III, 2012; Vlachos, Theotokis, Pramataris, & Vrechopoulos, 2010). Accordingly, there should be a direct link between perceived product-brand value-for-money and perceived retailer-brand value-for-money. Therefore, we posit that retailer brands perceived as being congruent with consumers' self-image will be perceived as providing higher levels of value-for-money than those retailer brands that are perceived as less congruent.

**H3b.** The higher the congruence between self-image and retailer brand-image, the stronger the positive effect on perceived retailer-brand value-for-money.

#### 4. Method

This study used a  $2 \times 2$  (type of brand  $\times$  type of shopping task) between-subjects, web-based experimental design. Our method of assessment was partial least squares (PLS) structural equation modeling (SEM). This approach is suitable to analyze data from fixed-effects, between-subjects experiments (Ringle, Wende, & Becker, 2015; Streukens, Wetzels, Daryanto, & De Ruyter, 2010).

Our experimental manipulations are presented in Appendix A. After exposing participants to the manipulations, they responded to items capturing the dependent variables. Perceived product-brand value-for-money and perceived retailer-brand value-for-money were measured with three items, respectively, adapted from Harris and Goode (2004). The multi-item psychometric measures appear in Table 1.

The experiment instructions explained to participants that they had as much as £40 (approx. USD50) to spend on groceries for themselves (or for dinner guests) at the nearest Tesco store and that they had decided to purchase budget-priced ice cream, among other grocery items. We selected ice cream as the focal product of our experiment because it is usually a discretionary grocery item, and we nominated a £40 budget to allow for some spending leeway. These two design features—a discretionary grocery item and financial leeway—aim to minimize the possibility that experiment participants are given the impression that they would have had no choice but to purchase the focal experiment product—either because it is a staple food-product or because they would have had, financially, no option but to select a budget-priced item.

Given the context of our study (i.e., Tesco private-label brands), participants located in Britain were recruited using the Prolific platform. A sample of 505 participants (mean age = 36.4, S.D. = 11.4;

69.9% female, 30.1% male) was randomly assigned to one of the four conditions, of which 71 participants (14%) did not answer the question “Did you shop for yourself or because you had invited friends over for dinner?” and, therefore, were removed from further consideration, leaving 434 respondents for assessment.

#### 5. Assessment

Our two experimental manipulations (i.e., type of brand and type of shopping task) were represented as latent variables, with dummy variables used as their formative indicators (for type of brand, 1 = DVB, 0 = Tesco Everyday Value brand; for goal orientation, 1 = shopping for oneself, 0 = shopping for dinner guests). A latent variable was created to capture the interaction between type of brand and type of shopping task using the product indicator approach. Brand familiarity, age, gender, and average spend were included in our empirical model as control variables.<sup>6</sup>

The results show that the standardized loading of one of the items belonging to the brand familiarity measure exceeds the value of one, indicating a Heywood case problem, which can be caused by the presence of multivariate outliers (Brown, 2014). Thus, the data was examined for the presence of potential multivariate outliers for items belonging to brand familiarity. Using the Mahalanobis's distance criteria for outlier detection (Tabachnick, Fidell, & Ullman, 2007; DeCarlo, 1997), seven cases were identified as potential outliers and, therefore, removed from the dataset; thus, 427 cases remained for our final assessment.

To finalize the measurement model, VIF (Variance Inflation factor) values were inspected and the threshold value of 3.3 was applied, as that threshold is recommended for avoiding common method bias in models built with self-reported measures (Kock, 2015). One brand familiarity item and three self-congruity items were removed, leaving brand familiarity with a single indicator and self-congruity with four indicators.

To evaluate the measurement model, composite reliability, indicator reliability, convergent validity, and discriminant validity were assessed. All outer factor loadings of the multiple-item constructs are statistically significant. The composite reliability and the average variance extracted values are above the recommended values of 0.7 and 0.5, respectively (see Table 1), satisfying the requirement for convergent validity (Hair Jr, Hult, Ringle, & Sarstedt, 2016). The square root value of average variance extracted is greater than the correlation coefficient between the two relevant constructs, indicating discriminant

<sup>6</sup> Average spend is defined as the estimated amount a respondent spends, on average, at Tesco. This control variable accounts for the possibility that those who tend to spend more at Tesco in general might also display a tendency to assign more value-for-money to Tesco brands and products.

**Table 1**  
Constructs, items, and standardized loadings.

Constructs/items	CR/loadings
Self-congruity <sup>a</sup>	CR = 0.959
The personality of [Ms Molly's/Tesco Everyday Value] is consistent with how I see myself (my actual self).	0.931
The personality of [Ms Molly's/Tesco Everyday Value] is a mirror image of me (my actual self).	0.846
I feel like I am a part of [Ms Molly's/Tesco Everyday Value] brand.	0.888
The image of [Ms Molly's/Tesco Everyday Value] represents my self-image well.	0.851
Perceived product-brand value-for-money <sup>a</sup>	CR = 0.834
[Ms Molly's/Tesco Everyday Value brand] is excellent value-for-money.	0.800
I think I would be happy with the value-for-money I will get from [Ms Molly's/Tesco Everyday Value brand].	0.760
[Ms Molly's/Tesco Everyday Value brand] is valuable.	0.812
Perceived retailer-brand value-for-money <sup>a</sup>	CR = 0.883
Products sold at Tesco are generally excellent value.	0.835
I think I would be happy with the value-for-money I will get from Tesco's products.	0.834
Product sold at Tesco is what I want for my grocery shopping.	0.869

Note:

<sup>a</sup> = 7-point scale.

**Table 2**  
Correlations.

Construct	1.	2.	3.
SC	0.879		
BV	0.519	0.791	
RV	0.371	0.455	0.846

SC = Self-congruity; BV = Perceived product-brand value-for-money; RV = Perceived retailer-brand value-for-money.

Note. Square root of average variance extracted on main diagonal.

validity (see Table 2).

Our model demonstrated an acceptable fit with the data, with the standardized root mean square residual (SRMR) of 0.04 remaining below the threshold of 0.08 (Henseler et al., 2014). In support of H1, the type of brand has a significant negative effect on self-congruity ( $\beta = -0.091, p < 0.05$ ), which means that the Ms Molly's DVB engenders a lower rating of self-congruity than the conventional Tesco Everyday Value budget brand.

The interaction effect reported in Table 3 is not significant, suggesting that when either shopping for oneself or shopping for dinner guests, self-congruity with the DVB was not different from self-congruity with the conventional budget brand. Thus, H2 is not supported (see Fig. 2).

**Table 3**  
Structural model results.

Relationships	$\beta$	t	p
H1 TBrand → SC	-0.091	1.909	0.028
TGoal → SC	-0.094	1.974	0.025
H2 TBrand * TGoal → SC	-0.018	0.361	0.359
H3a SC → BV	0.460	12.598	0.000
H3b SC → RV	0.170	3.539	0.000
BF → BV	0.138	3.558	0.000
BF → RV	-0.046	1.132	0.129
Age → BV	-0.162	4.052	0.000
Age → RV	0.029	0.657	0.256
Gender → BV	-0.049	1.209	0.114
Gender → RV	-0.075	1.740	0.041
Spend → RV	0.238	6.972	0.000
Spend → BV	0.088	2.193	0.014
BV → RV	0.338	5.131	0.000

Note: TBrand = Type of brand (1 = DVB, 0 = Tesco Everday Value brand); TGoal = Type of goal (1 = Shopping for oneself, 0 = Shopping for dinner guests); SC = Self-congruity; BV = Perceived product-brand value-for-money; RV = Perceived retailer-brand value-for-money; BF = Brand familiarity; Spend = Average spend at Tesco.

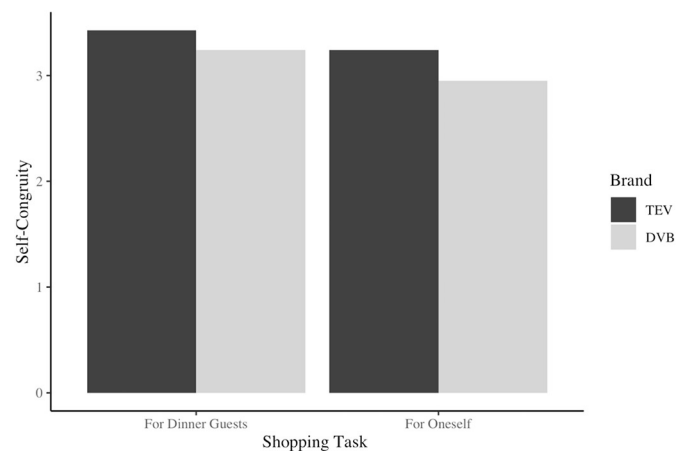


Fig. 2. The effect of type of shopping task and type of brand on self-congruity.

Self-congruity has a significant positive effect on the perceived value of our focal product brand ( $\beta = 0.460, p < 0.01$ ) and retailer brand ( $\beta = 0.170, p < 0.01$ ). These results support H3a and H3b, respectively (see Table 3).

Turning to our control variables reported in Table 3, brand familiarity ( $\beta = 0.138, p < .01$ ) and average spend ( $\beta = 0.088, p < 0.05$ ) have positive effects on perceived value-for-money of a product brand, while age ( $\beta = -0.162, p < 0.01$ ) has a negative effect. Gender ( $\beta = -0.075, p < 0.05$ ) has a negative effect on perceived value-for-money of a retailer brand, while average spend ( $\beta = 0.238, p < 0.01$ ) has a positive effect. Further, shopping task type has a significant negative effect on self-congruity ( $\beta = -0.094, p < 0.05$ ), suggesting that, when shopping for oneself, self-congruity is lower than when shopping for dinner guests. Finally, perceived value-for-money of the product brand has a significant positive effect on the perceived value-for-money of the retailer brand ( $\beta = 0.338, p < 0.01$ ).

To develop a clearer understanding of our hypothesized relationships, we explored whether self-congruity mediates the path between the type of brand and perceptions of value-for-money by performing an indirect-effect test using 5000 bootstrap samples. A bootstrap procedure is recommended for testing mediation effects because it does not rely on a normal distribution for the sampling distribution of the mediation effect (MacKinnon, 2012). The results of an indirect-effect test using the SmartPLS bootstrapping procedure, the standardized estimates of the indirect effects, as well as the 95% lower and 95% upper limit of confidence intervals are presented in Table 4. The results suggest that: (1) self-congruity mediates the effect of type of brand on perceived product-brand value-for-money ( $\beta = -0.055, 95\% \text{ CI:}$

**Table 4**  
Mediation effect of self-congruity on the relationship between type of brand and perceived value-for-money of brand.

Relationship	Effect	95% lower limit	95% upper limit
TBrand → SC → BV	−0.055	−0.104	−0.012
TBrand → SC → BV → RV	−0.019	−0.038	−0.004
TBrand → SC → RV	−0.018	−0.041	−0.002

Note: TBrand = Type of brand; SC = Self-congruity; BV = Perceived product-brand value-for-money; RV = Perceived retailer-brand value-for-money.

−0.104, −0.012); (2) self-congruity and perceived product-brand value-for-money mediate the indirect effect of type of brand on perceived retailer-brand value-for-money ( $\beta = -0.019$ , 95% CI: −0.038, −0.004), and (3) self-congruity mediates the effect of type of brand on perceived retailer-brand value-for-money ( $\beta = -0.018$ , 95% CI: −0.041, −0.002). As per Zhao, Lynch Jr, and Chen (2010), these results provide evidence of self-congruity acting as an indirect-only mediator of the path between the type of a brand and perceptions of value-for-money for both the product and retailer brands.

## 6. Discussion

To the best of our knowledge, DVBs are still unique to Tesco, and there is no published academic research that examines their efficacy. The aim of this study is to investigate: (1) whether customers perceive DVBs to offer greater value-for-money than conventional budget brands; and (2) whether such perceptions translate to customer perceptions of the retailer brand.

We find that, in comparison with conventional budget brands, DVBs are likely to be less effective drivers of value-for-money perceptions of retailer and product brands. This finding can be explained with a well-documented tendency among consumers to evaluate, purchase, and consume brands depending on the extent to which the image of those brands matches their self-image (e.g., Sirgy, 1986; Sirgy et al., 1991, 1997, 2008). To that end, DVBs appear to be less effective than conventional budget brands in engendering self-congruity. Our specific findings show that self-congruity has a positive effect on value-for-money perceptions of conventional budget brands and DVBs as well as the retailers selling those brands. However, for consumers with a preference for brands with a budget price point, self-congruity is higher for a conventional budget brand than a DVB. This difference in self-congruity between a DVB and conventional budget brand is more pronounced when shopping for others than when shopping for oneself. Overall, self-congruity acts as an indirect-only mediator of the path between the type of a brand and value-for-money perceptions of the

## Appendix A. Sample scenarios

### Discount Venture Brand (DVB) and shopping-for-oneself condition

Imagine that you go grocery shopping at the nearest Tesco around noon. You have £40 in your wallet that you can spend on your groceries and you do not want to pay by card. Please also imagine that you need the groceries because you like to cook a nice dinner for yourself tonight. While in the store browsing items to buy, you notice the product shown below, Ms Molly's ice cream, which is priced at £0.92.



After a quick think, you decide to put the Ms Molly's ice cream in your basket to buy. When at the till to pay for your shopping basket, you see a flyer about Ms Molly's ice cream. From the flyer, you read that:

Ms Molly's products are exclusively available at Tesco and made to meet your essential needs. These products serve their most basic purposes and

brand.

An important theoretical contribution of this study is that we provide—for the first time in the literature—evidence of the applicability and relevance of self-congruity in the field of private-label branding. Our findings imply that self-congruity is not only related to psychological needs, but also to social needs; an observation that extends work by Sirgy and colleagues (e.g., Sirgy, 1986; Sirgy et al., 1991, 1997, 2008; Sirgy, Grewal, & Mangleburg, 2000). This implication is supported by our results that show self-congruity being affected by shopping tasks, with shopping for others (i.e., a socially-oriented activity) being associated with higher self-congruity than shopping for oneself. These shopping task results have not been demonstrated in previously published research. Finally, we emphasize that, since DVBs appear to affect consumer perceptions of products and the retailers' brands offering those products, future studies concerned with consumer behavior predictions cannot overlook DVBs if they are present.

As noted, DVBs are still very much a Tesco initiative. But DVBs might be of interest to other firms. In terms of the managerial implications of this study, our research results raise the possibility that a DVB may be less suited than a conventional budget brand to enhance value-for-money perceptions of products and the brand of the retailer offering the DVB. A tentative implication of this finding is that retailers should exercise caution when introducing DVBs to complement, or replace, their conventional budget brands. DVBs occupy shelf space that otherwise would go to other types of brands, such as conventional budget brands, which appear to be strongly associated with value-for-money brand perceptions. Accordingly, the introduction of DVBs could also affect shelf productivity and other bottom-line retail outcomes.

In closing, we should emphasize that our findings are preliminary given that it is the first of its kind. Looking to the next research step, the limitations of the study offer a number of avenues for further research. First, the examination of only one product category (i.e., ice cream) in this study poses limitations on the generalizability of the results. Future studies could consider multiple product categories and should try to make comparisons with other more and less frequently purchased products. Second, and relatedly, only one DVB (Ms Molly's) and one conventional budget brand (Tesco Everyday Value) were considered in our experiment. Future research could make comparisons across a greater number of DVBs and traditional private-label brands. Third, we did not examine the long-term effects of choosing new (DVBs) over established budget brand formats on customer outcomes, which could be undertaken with longitudinal studies. Fourth, in relation to the interaction effect between type of brand and self-congruity, our results show no significant interaction effect. Whether this finding is replicable is another direction for future research.

are priced to help you spend less.

#### Tesco Everyday Value (TEV) brand and shopping-for-dinner guests' condition

Imagine that you go grocery shopping at the nearest Tesco around noon. You have £40 in your wallet that you can spend on your groceries and you do not want to pay by card. Please also imagine that you need the groceries because you invited a few friends over dinner tonight. While in the store browsing items to buy, you notice the product shown below Tesco Everyday Value ice cream, which is priced at £0.92.



After a quick think, you decide to put the Tesco Everyday Value ice cream in your basket to buy. When at the till to pay for your shopping basket, you see a flyer about Tesco Everyday Value ice cream. From the flyer, you read that:

Tesco Everyday Value products are exclusively available at Tesco and made to meet your essential needs. These products serve their most basic purposes and are priced to help you spend less.

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