

“Consumer attitudes towards brands in times of great price sensitivity. Four case studies”

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Consumer attitudes towards brands in times of great price sensitivity. Four case studies

Abstract

This article examines the appeal brands maintain for consumers in light of the new consumption paradigm (*pricing for value*).

As a result of heightened consumer price sensitivity stemming from the *low cost* phenomenon, a phenomenon which has grown enormously with the outset of the current economic crisis in 2008, a general shift in consumption patterns has occurred, with consumers migrating massively towards the lower price product range. Nevertheless, this shift does not imply that brands have been completely abandoned. On the one hand, consumers have gone from medium (B-brand) and premium name brands to low cost name brands and, especially, private labels. At the same time, however, there are still significant concentrations of resistant, brand-centered consumers.

According to this scenario, the objective of this article is to analyze Spanish consumption patterns to demonstrate the hypothesis that, in the midst of this generalized move towards lower prices, as reflected in numerous studies, consumers still maintain a considerable brand-centered focus albeit shifting towards those same brands' most economical product range. With this aim the authors analyze four concrete case studies on a mass commodity and household brand, a powdered detergent, a beer brand and a textile firm. The methodology used in the first three cases consists of analyzing this shift from medium and premium brands based on a panel of eight thousand homes carried out by Kantar Worldpanel specifically for this study from 2005 to 2009. In the last case study, the authors compare the changes affecting the different product ranges in the textile firm, Diesel, over the last decade, the same period in which the brand expanded throughout Spain.

Based on the results, the strong resistance observed among many consumers to abandon their favorite brands is worth noting.

Keywords: price sensitivity, low cost phenomenon, hybrid consumer, pricing for value.

Introduction

The severe economic recession beginning in 2008 has served to heighten the race to reduce prices across all product value chains, whether it concerns luxury items, medium range or private labels. However, this trend had already begun previously with the inception of the low cost phenomenon. In this respect, the starting point can be traced back to the beginning of European airline liberalization efforts in 1997, similar to that occurring a couple of decades prior in the United States (Barkin, Hertzell and Young, 1995) towards the middle of the first decade of this new millennium, the incipient phenomenon, limited previously to tourism, combined with a massive growth in the *hard discount* market in Europe. From price rigidity as a strict measure of quality, clients began an unending journey towards *pricing for value* across all economic sectors. As a result, consumers have now become accustomed to paying exclusively for what each product or service attribute costs (Kotler, Bowen and Makens, 1997). This double confluence of supply and demand centered around low prices has clearly changed the position of price as a decisive product evaluator at the end of the pre-purchase process; while not abandoning this role, however, price has acquired a new, much more important function, becoming a

key variable and an initial purchase discriminator at the same time.

This new and broadened role for price in consumer decision-making requires changing the traditional pricing logic to one based on value (Nagle and Holden, 2002), the latter understood as the balance between the set of benefits and sacrifices implied by consumers' choices (Gallarza and Gil, 2006). This change also requires the marketing field to reflect on and identify the value consumers actually assign to the product or service at any given time. As a result, studies on the new approach to price sensitivity have become very relevant (Ramirez and Goldsmith, 2009; Simmons, 2007).

Four factors have to be taken into consideration to analyze all that related to pricing – monetary value, comparison with competitors, the cost/benefit relationship and the experience consumers get in exchange (Munnukka, 2006). This last factor has changed significantly in the current scenario.

As such, if the client is more aware of the product or service's sustainable value, corporate strategies will tend to produce: (1) a reduction in costs across the entire value chain; (2) a product or service association to specific attributes; (3) communications through the closest channels; and (4) the ability to translate all this into the price the consumer is willing to pay (Valls, 2008). All this requires reinventing the business model, thereby affecting the production model, the way profits are made and the processes implied (Valls, 2010a).

Between 2004 and 2009, market share for leading name brands decreased (from 41% to 38.9%), as occurred with that of other manufacturers (from 31.5% to 27.5%); meanwhile, private labels' share increased from 27.5% to 33.5% (Kantar Worldpanel, 2009). Despite this increase, however, there was a high degree of indifference (35%) between those consumers preferring name brands (39%) and those favoring private labels (26%) (Kantar Worldpanel, 2009). This reflects a broad margin of non-definition among consumers who may buy one or another product depending on a given series of factors. This scenario of consumer non-definition could serve to validate the brand resistance of many of them.

1. Current state: new consumption patterns and new scenario for brands in a period of great price sensitivity

Immerse in the low cost phenomenon, as mentioned, a phenomenon spurred enormously by the current economic crisis, a general shift in consumption has occurred along with massive consumer migration towards lower-priced products. Brand value continues to be important but it has faded as a result of the impact the price variable has in the decision-making process; clients continue to be brand-focused but they are willing to sacrifice traditional brands in exchange for private labels if these are cheaper.

Consumers are clearly rational and seek satisfaction in every purchase, signaling price as a guide in their decisions. This price will always have to adjust to those quality attributes clients are willing to pay for, that is, *pricing for value*. For consumers, price has important psychological repercussions, and it is the value they give in exchange for the utility they receive in terms of time, place, possession and information (Santesmases, 1998). Price creates a new consumer status to the point that it becomes an important segmentation criterion (Goldsmith, Flynn and Daekwan, 2010). The more lower is price-related information that buyers receive, the greater will be their sensitivity towards price (Diehl, Kornish and Lynnch, 2003), even for the lowest prices (Hans, Gupta and Lehmann, 2001). Brands that have historically been associated with luxury, medium and premium items, are now also essential in low-cost products and services (An and Chang, 2004).

At the same time, price can be defined as "the difference between price and value in consumer purchase decisions" (De Jaime Eslava, 2007, p. 114), while this can be associated to a series of elements that have to be taken into account simultaneously. First, there are elements which can be attributed to product or service strategy, such as value and quality; then there is a brand. Another series of complementary attributes are the physical, intangible and psychologi-

cal traits, as well as promotion and publicity. Second, there are elements which can be attributed to the consumers themselves, such as their search for risk reduction and loyalty (De Jaime Eslava, 2007).

Nevertheless, price sensitivity and the importance given to price by consumers are not always constant (Santesmases, 1998). It's worth noting that, in times of economic recession, consumers become more price sensitive and seek greater savings in their purchases, both of which lead to price, in these situations, becoming a powerful instrument for commercial actions.

If we cross-reference the price sacrifice consumers are willing to make with the differentiation value, four types of shoppers with different attitudes towards the price/value relationship can be defined (De Jaime Eslava, 2007):

- ◆ Value shoppers, those who compare the product's minute differential attributes and elements with those of its competitors; these consumers demand a high quality/price ratio and are willing to buy any range of the brand's products, from the highest to the lowest, but only at the right price;
- ◆ Relationship shoppers, those who are loyal to brands and are especially interested in the value that these brands offer them; they do not haggle over price;
- ◆ Price shoppers, those who are not willing to pay more for any added value; they are generally associated to low cost channels or private labels; and
- ◆ Comfort shoppers, those who especially look for purchase ease (proximity, Internet, etc.), barely comparing competitors' prices and tending to be faithful to different channels.

Together with these four types of consumers, there is another, very explicit type (Valls, 2010b): hybrid consumers. These are chameleon-like, at times buying certain product and service ranges and, at other times, other products and services. Their decisions can depend on numerous factors: these consumers are "complex and kaleidoscopic [...], that is, they will behave differently depending on the circumstances of the purchase or the product. Their perception of a brand can vary as can their preference for a product and their purchase frequency depending on the moment, the day or the situation" (Casabayó, 2009). This type of consumer is increasingly present in the market and is destined to become the dominant group.

2. Research methodology

To empirically demonstrate the hypothesis that consumers remain faithful to brands while moving towards lower cost products (and, especially, towards those of their preferred brands), we analyze the data gathered quantitatively by Kantar Worldpanel specifically for this study.

From 2005 to 2009, that is, before and after the current economic recession began, four concrete case studies were carried out in the food and household product, powdered detergent, beer and textile sectors. In the first three, the methodology used to gather this quantitative data was Kantar Worldpanel's Consumer Panels, a permanent sample maintained over time and representative of the entire universe considered, that is, homes in the Spanish peninsula and the Balearic Islands. This sample serves to collect data on the purchases 8,000 households make. It does so by means of reading bar codes twice a week (either via scanner or direct transmission) and by a dedicated telephone line for each product (the data gathered includes purchase date, place, price, format, barcode and total amount spent). This information is then tabulated and processed statistically to examine consumption patterns and expenses continuously over time.

On the one hand, these Consumer Panels allow us to analyze the sample's behavior in an aggregated fashion, thus observing the trends and changes in various average behavioral variables such as penetration rate per home, average purchase, average expenditure, quantities purchased per shopping trip, shopping frequency, average price paid, etc. On the other, the main use in this study, these panels serve to prepare special studies on disaggregated data, analyzing the sample's behavior, for example, during two distinct periods of time (in this case, from 2005 to 2006 and from 2008 to 2009, the first before the current economic crisis and the second after its irruption). All this serves to identify how many homes a brand has retained, how many it has lost and how many new ones it has gained. In addition, the panels also allow us to understand these three different household categories, examine what they have purchased before the crisis' outset and what they purchase now, as well as define their profile and the channels and chains where they shop.

As a result, we have identified the households that the brands have successfully retained and those that have changed their consumption in favor of other brands or private labels. In the last of the four cases, Diesel, we track the change in the textile firm's billing for its entire product range during the last decade, all with the same aim as above: to find out about the consumers the brand has retained and those who have turned elsewhere.

3. Results analysis

3.1. Case: mass commodity and household product brand. It is worth noting that mass commodities in Spain proved to be much more resistant in 2009 than

other sectors. While the automobile, industrial manufacturing, textile and hotel and restaurant service sectors reduced their prices compared to the previous year (17.9%, 16.2%, 8.4% and 4.8%, respectively), mass commodities reduced their prices by only 2.6%. It was also the only sector to register an increase in terms of production (1.8%) as a result of Spanish demographic growth during this period (35 million new shopping carts). This growth is surpassed only in Russia and Brazil and is greater than that in France, the Netherlands, the United Kingdom and the United States.

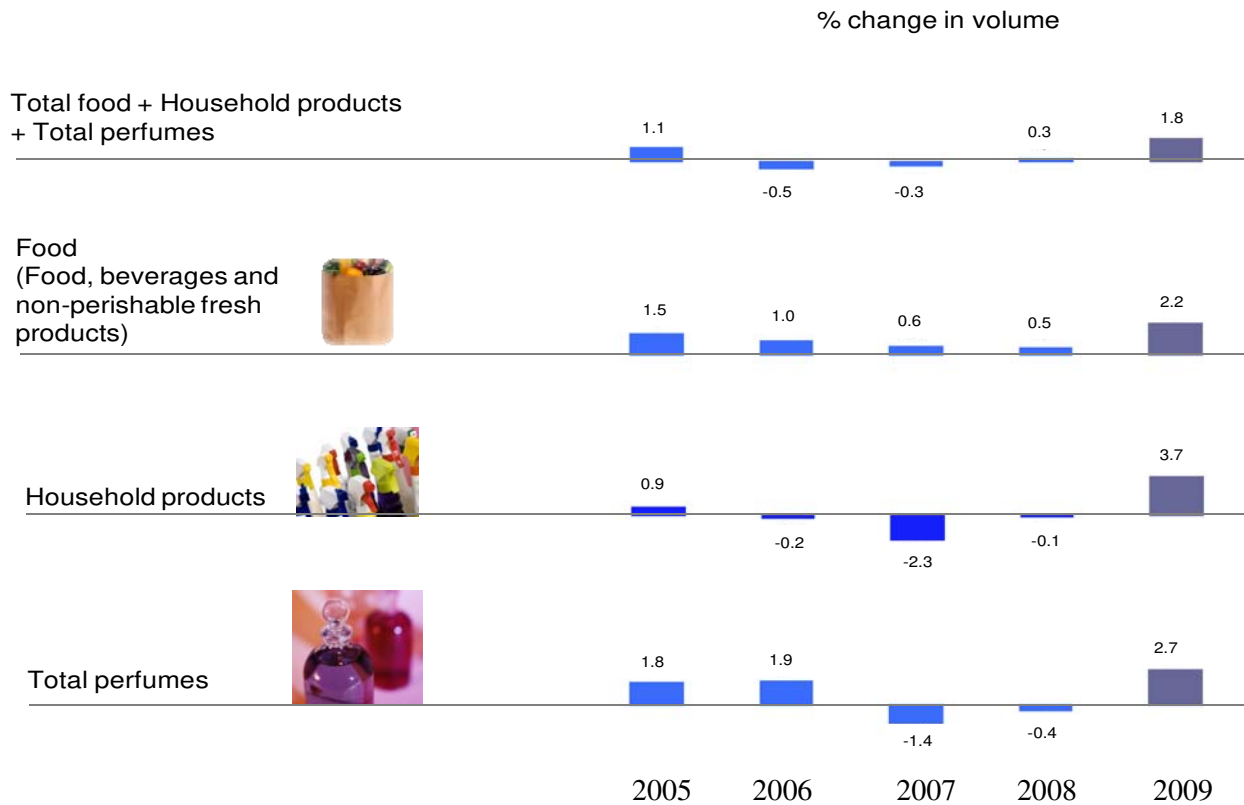
Between 2005 and 2009, as it is mentioned, mass commodities lowered their prices (1.6%) especially in terms of perfumes and perishable goods. However, there was a 1.8% increase in production, fundamentally in household products and non-perishables. Below we provide greater details about these data:

- ◆ Food, beverages and non-perishable fresh products decelerated their always increasing growth to 1.5%, 1.0%, 0.6% and 0.5% in the first four years, respectively, increasing in 2009 by 2.2%.
- ◆ Household products saw a more negative trend during this period: 0.9%, -0.2%, -2.3% and -1.4%, though increasing in 2009 by 3.7%, as a result this last year of an increase in time spent within family homes.
- ◆ The perfume sector saw two positive years, 2005 and 2006 (1.8% and 1.9% respectively); it fell the two following years, 2007 and 2008 (1.4% and 0.4%), and ended 2009 with a 2.7% increase, an unequivocal sign of the greater performance among feminine hygiene and some children's products, all this without obviating the general drop in prices (see Figure 1).

If we compare production volume and price from 2005 to 2008, we find great disparities:

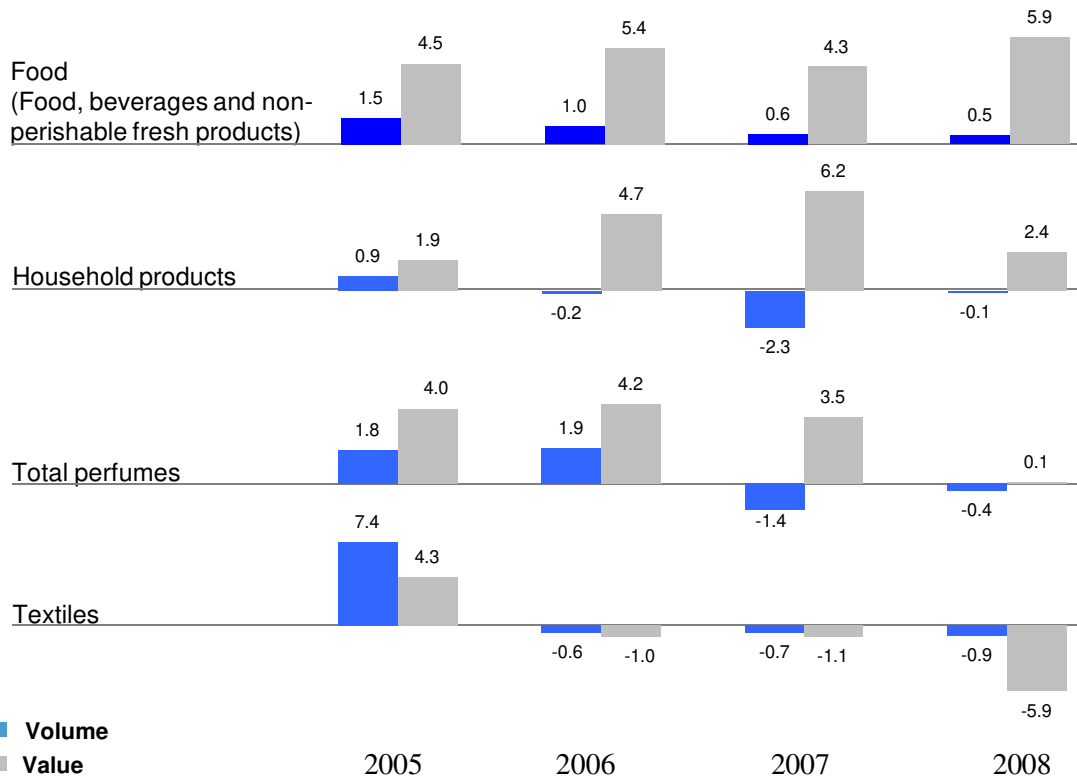
- ◆ For food, beverages and non-perishable fresh products, production volume increasingly shrank while prices rose, especially in 2008 (5.9%);
- ◆ This divergence was greater in the household product sector;
- ◆ And a little less so in perfumes.

In textiles, however, the trend was very different. 2005 was an exceptional year, with strong growth in both production and price (7.4% and 4.3%, respectively); figures were negative in 2007 and 2008 while production remained negative and prices dropped 5.9% in 2009 (Figure 2).



Source: Kantar Worldpanel.

Fig. 1. Strong increase in mass commodity volume (2005-2009)



Source: Kantar Worldpanel.

Fig. 2. Perfumes and textiles (2005-2008), volume and value (%)

It thus becomes clear that price has greater importance in the decision-making process for mass commodity goods and, for this reason, we can see a generalized trend towards price reductions and private labels. So much so, in fact, that the market share for food and household product private labels, not including fresh products, increased from 27.5% in 2004 to 33.5% in 2009, compared to name brands which

fell from 41.0% to 38.9% while that of other brands dropped from 31.5% to 27.5%. Consumers perceive that the quality of private label products is the same as that of name brands (56% in 2002; and 59% in 2008). They also perceive that private label goods are manufactured by the same companies who produce their own name brands (52% in 2002; and 70% in 2008) (Kantar Worldpanel, 2009) (Figure 3).

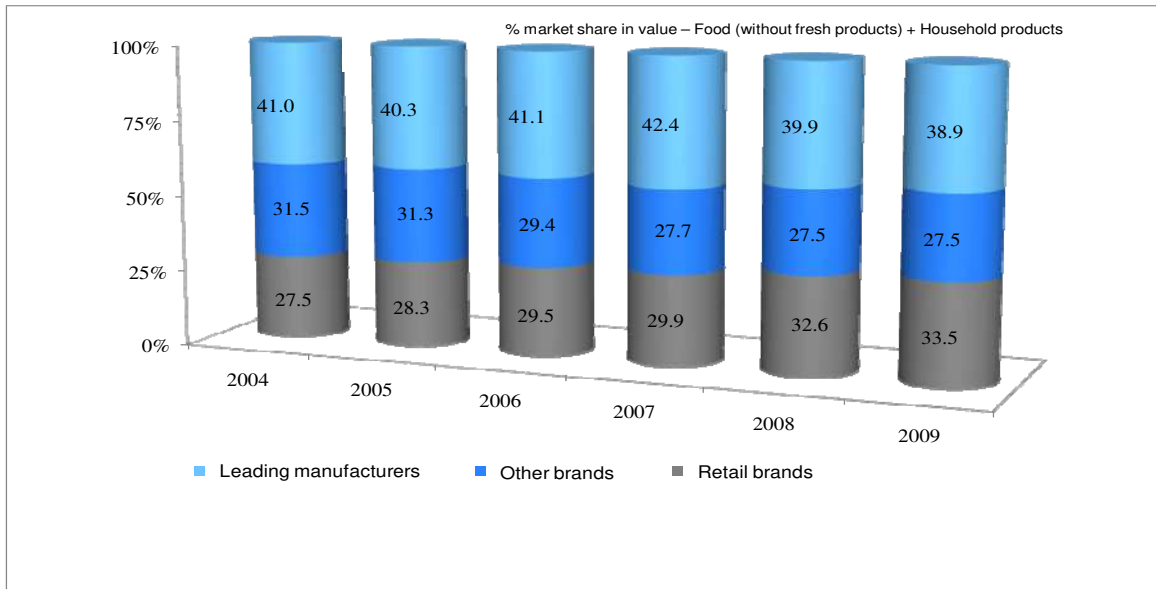
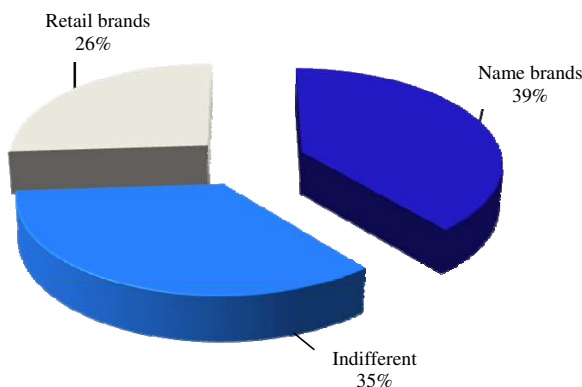


Fig. 3. Interest in retail brands

This new attitude leads to a Solomonian distribution of consumer preferences: 38% always prefer name brands, evidencing considerable strength; 26% prefer private labels; and 35% are indifferent, that is, they will buy one or the other depending on the occasion (Figure 4).



Source: Kantar Worldpanel (2009).

Fig. 4. Purchase share (2009)

In this scenario, sales, discounts and promotions become the fundamental element name brands used to retain their clients. From 2005 to 2009, the percentage of those who purchased their favorite brands when they were on sale increased (from 56% to 67%) while the percentage of those who buy pri-

ivate label products when they're on sale went from 39% to 43% (Worldpanel Lifestyle, 2009).

Analogously, and though brand strength depends on the product type, if we examine food products, name brands as a whole show greater resistance than private labels, especially soft drinks, alcoholic beverages, water, coffee, cereals and wine. However, private labels show greater resilience in terms of nuts, frozen products, refrigerated products, canned food and pre-cooked food (Synovate, 2010). The same occurs in terms of awareness: name brands eclipse private labels though the latter are beginning to appear in the rankings as occurs with store brands such as Mercadona, Día, Carrefour, Lidl, etc.

Similarly, by associating given name brand attributes to private labels, in the majority of cases, the perception benefits the former: the private label product "isn't the one I like the most, but it helps me make ends meet"; "it takes me to a simpler world, without pretensions"; I want "low prices"; and "I can buy more", etc.

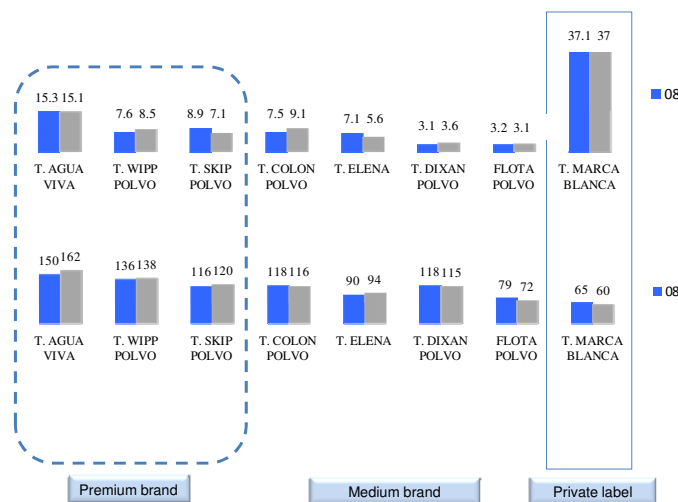
Based on the results for the 2005-2009 period, food and household product consumption, excepting fresh goods, is based primarily on this search for lower prices, with this trend increasing. As such, the drop in the leading name brands' market share is clear (from 41% to 38.9%), as is that of other

brands (from 31.5% to 27.5%). Nevertheless, in this shift, brands continue to be a distinguished reference for consumers. Though the latter may look to price, those that opt for lower price options indicate that they will have one day return to their brands. Those who remain faithful to their brands increase their loyalty from 56% to 67% when they are on sale. Far from forgetting their favorite brands, consumers are attracted by their attributes and reputation to the detriment of private labels or no-name brands.

3.2. Case: powdered detergent brand. During 2005-2009, powdered detergents represented a paradigmatic case, that is, clients abandoned the market, saving on washing machine consumption by 40% and, in addition, adjusting the doses and reduc-

ing the amount of detergent used per load (Kantar Worldpanel, 2010). All this stemmed from the rationality consumers imposed on themselves, the greater efficiency of new machines and greater environmental awareness. Given this reality, powdered detergent manufacturers, especially those of premium and medium brands, reacted quickly, while retail labels did so much later.

Premium brands, such as *Agua Viva* (as the detergent is referred to here), *Wipp* and *Skip*, were able to increase their price over the production volume. However, medium brands (*Colón*, *Elena*, *Dixan* and *Flota*) saw how their prices dropped while their production only increased slightly. Lastly, private labels succeeded in maintaining their 37% market share but with a sharp, 10% drop in prices (Figure 5).

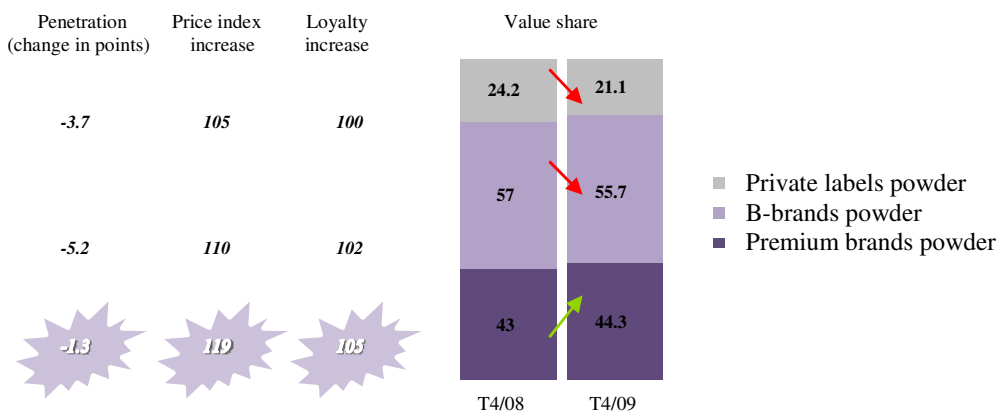


Source: Kantar Worldpanel.

Fig. 5. Change in premium, medium and private label powdered detergent brands

As illustrated in the previous figure, premium brands were much more aggressive in innovating package weight and size: their formats were concentrated in the 3 and 4-kilo range and under 2.6 kilos at the expense of other formats. Premium and medium brands were the first to introduce smaller packages onto the market. The reduction in dosage amounts per wash was as fol-

lows: total powdered detergent (14.2%); premium brands (20.7%); medium brands (10.5%) and private labels (7.2%). Premium brands also gained in market share (from 43% to 44.3%); they increased their prices (19%); and increased brand loyalty (5%). Medium and private label brands showed poorer results than the premium brands (Figure 6).



Source: Kantar Worldpanel.

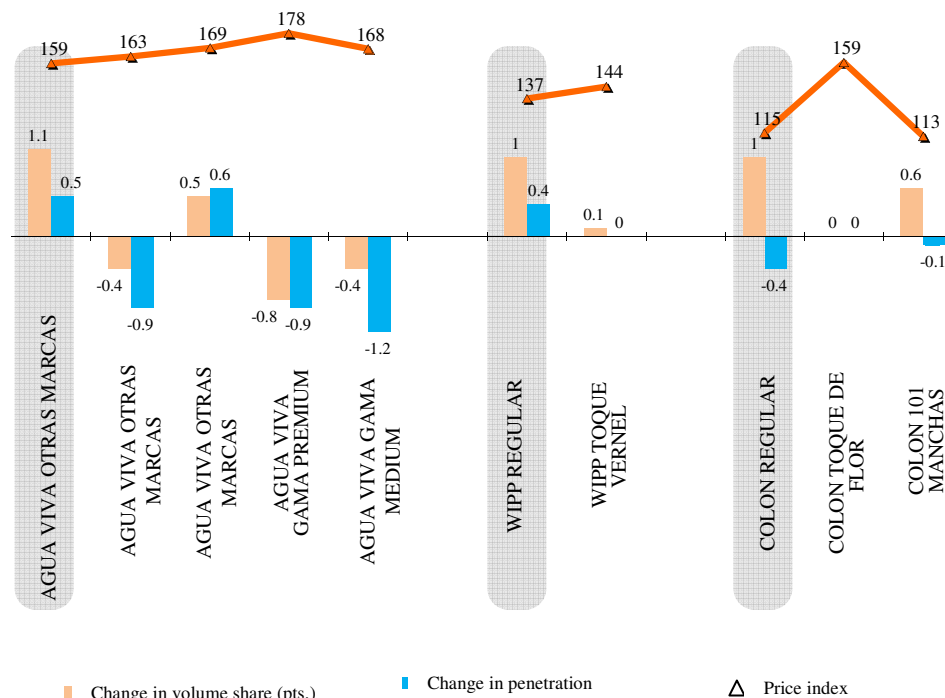
Fig. 6. Change in premium, medium and private label brand market share and penetration (2008-2009)

In this context, we cannot affirm that the general demand for lower prices did not affect the sector. Nevertheless, the quick response by premium brands helped them retain clients: among the most expensive premium brands, clients purchased the cheaper product range but they remained loyal. This argument can be demonstrated in the following examples:

- ◆ There was a shift from *Agua Viva Gama Premium*, the brand's most expensive product, to *Agua Viva Gama Medium*, that is the cheapest one. The latter was able to maintain the clients

Agua Viva Gama Premium lost while still gaining a share of new consumers.

- ◆ There was a shift from *Wipp Toque Vernel* to *Wipp Regular*, which, in addition to recovering the loss of premium product clients, grew even more at the expense of other brands.
- ◆ There was a shift from *Colon Toque Flor* to *Colon 101 Manchas* and *Colon Regular*, both of which succeeded in retaining all the brand's clients and increasing their respective share at the expense of other medium and private label brands (Figure 7).



Source: Kantar Worldpanel.

Fig. 7. Consumer shift to same brand lower price options (premium brands, powdered detergent)

With this analysis, it's clear that consumption shifted towards lower price product ranges offered by the same brands. On the one hand, and despite the fall in powdered detergent production (not prices), premium brands were able to increase their prices while improving their brand recognition and loyalty. In addition, both premium and medium brands were leaders in rationalizing the quantity of detergent to be used, offering packages with smaller doses required per load and quickly changing the box formats. On the other hand, medium brands had to turn to product promotions to retain those clients who didn't want to abandon their brands. Lastly, private labels led the drop in prices, though they didn't gain in market share and they also lost in terms of both penetration and loyalty.

3.3. Case: beer brand. For this study, we examined the case of a high-end beer, called *Exquisita Gama Premium* for our purposes, and also over the same period as in the previous studies (2005-2009).

Before entering into details, we should point out that a substantial portion of clients this premium brand lost as a result of consumers' search for lower prices was recovered by the beer manufacturer's *Exquisita Gama Medium* range. Also, this not only occurred in mid crisis (2008-2009), but also before its outset (2005-2006).

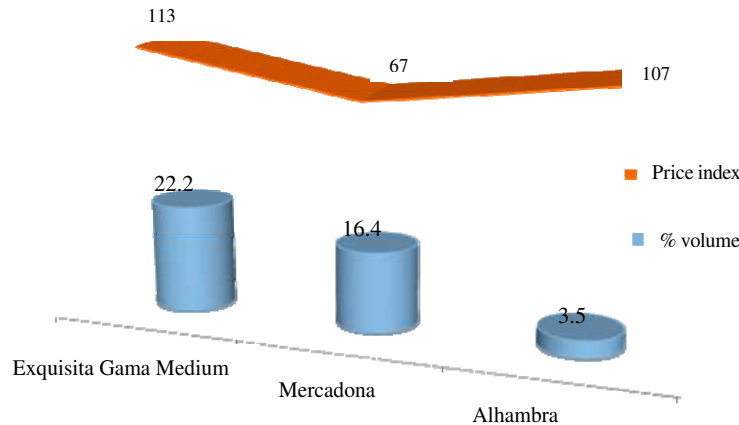
Below we analyze the loss in *Exquisita Gama Premium* clients and which competing products these consumers purchased both before the crisis (2006) and after its outset (2009). Worth noting is the following (Figures 8a and 8b):

- ◆ In 2006, consumers turned fundamentally to more expensive brands such as *Amstel* (88.2%), whose price is nearly 10% higher, and *San Miguel* (5.9%), twenty percent more expensive. 13.3% of those who abandoned the brand, however, were retained by *Exquisita Gama Medium*. In other words, the majority opted for more ex-

pensive brands, while a small portion was retained by the brand through its own less expensive product.

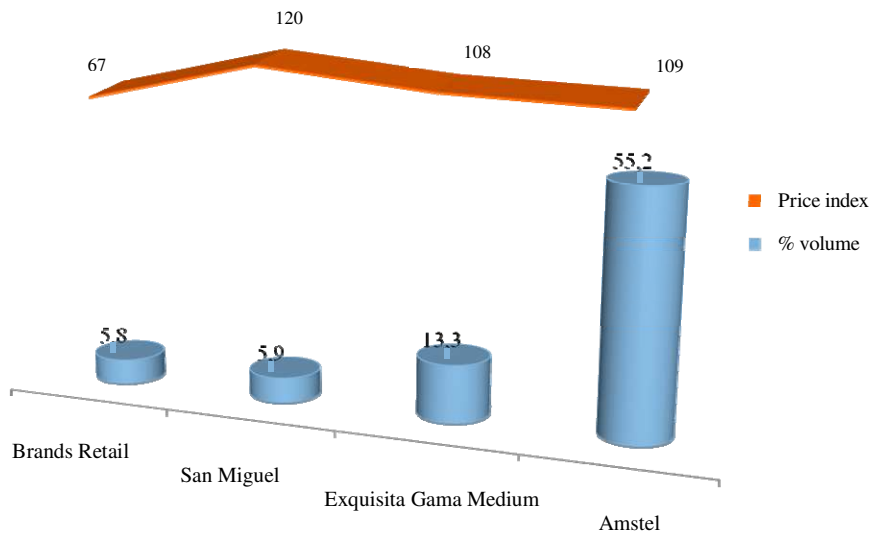
- ◆ In 2009, the scenario was quite different. The largest percentage of those leaving the high-end product (20.2%) began purchasing its *Exquisita*

Gama Medium product which is nearly 10% cheaper. Meanwhile, the *Mercadona* private label, which costs nearly 60% less, captured 16.4% of *Exquisita* brand clients, and *Alhambra*, which is approximately 6% cheaper, captured another 3.5% of these clients.



Source: Kantar Worldpanel.

Fig. 8a. From Exquisita Gama Premium to Exquisita Gama Medium and other brands (2009)

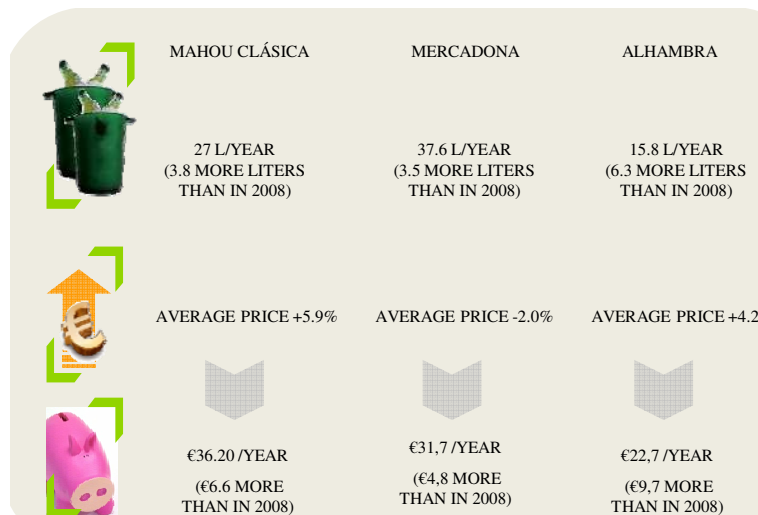


Source: Kantar Worldpanel.

Fig. 8b. From Exquisita Gama Premium to Exquisita Gama Medium and other brands (2006)

It's worth noting in which establishments those abandoning *Exquisita Gama Premium* made their purchases. In this respect, consumers turned primarily to establishments where price has become their main selling feature (Figure 9). As such, *Mercadona's* market share increased (from 20.6% to 24.8%), as did *Hiper Eroski's* (from 3.7% to 5.5%), *Consum Coop's* (from 2.5% to 3.8%) and *Ahorramas'* (from 2.3 to 4.5%). Contrarily, other establishments' market share decreased: *Carrefour* (from 13% to 12%), *Día* (from 10.4% to 8%), *Alcampo* (from 9.7% to 6.7%) and *Eroski Supers* (from 3.4% to 1.7%). Nevertheless it seems that

consumers abandoned the brand in search of cheaper, private label options, there is strong resistance to abandon name brands, though opting for the cheapest options within these brands' portfolios. The end result, in this case, is that consumers, in general, increased both the volume of their purchases as well as their outlay in this product category: more liters of beer (up to 37.6 liters more when shopping at *Mercadona*); higher average price (5.9% more on *Exquisita Gama Medium*) and greater total amount spent (up to 36.20 euros more per year on average for *Exquisita Gama Medium*).



Source: Kantar Worldpanel.

Fig. 9. Increase in expenditures by Exquisita Gama Premium’s former clients (2009)

3.4. Case: Diesel. From 1999 to 2009, billing in the Spanish textile industry (ranging from clothes to shoes) hardly changed: from more than 19 billion euros in 1999 to 18.5 at the end. Production, however, was paralyzed. Diesel Iberia entered the Spanish market in 2001, billing 22 million euros in its first year. Despite market stagnation, however, the company ended the decade tripling the amount billed in 2001, billing more than 61 million euros. Until 2008, its continued growth was far greater than that of the Spanish market as a whole. In 2008, it decreased to match that of the global rate, approximately 11%. In 2009, however, it fell around 15%, compared to 6% in the global Spanish market with the explosion of low cost channels (Table 1).

Table 1. Global and comparative commercial billing in the textile industry

Year	Spain	Diesel
2000	19,223	
2001	19,621	22,0
2002	20,348	29,6
2003	21,060	38,7
2004	21,517	47,5
2005	21,962	61,0
2006	22,460	75,4
2007	22,083	81,7
2008	19,847	72,8
2009	18,555	61,3

Source: Diesel.

When analyzing Diesel client behavior in Spain from 2006 and 2009, we have to begin underscoring that the Italian firm’s appeal was based fundamentally on the value the premium brand had already established internationally and then leveraged in Spain and maintained throughout this period. However, when examining the change in Diesel client

behavior throughout this period (2006-2009), the change is paradigmatic as seen for the purposes of this study. The company has three product categories: *Contemporary* (premium, more than 250 euros per item on average); *Quality* (medium range, from 160 to 140 euros); and *Mainstream* (less than 140 euros). In this short period of time, the clients’ concentration in the most expensive product range at the beginning of this period shifted towards the cheapest product range at the end. In effect:

- ◆ In 2006, more than two-thirds of the company’s sales were registered in the brand’s *Premium* (26%) and *Quality* (42%) product categories.
- ◆ By contrast, in 2009, the majority of its consumers were found in the lower and cheaper categories of Diesel products, with 90% of its clients purchasing items in the *Quality* (40%) and *Mainstream* (50%) product ranges. Clients continued to be brand-focused, though shifting towards the brand’s lower priced products (Table 2). While looking for lower prices, they were unwilling to abandon the label altogether (Table 2).

This has become one of the company’s success factors, up to the point that its billing continues to increase in the textile market, a market which as a whole has been stagnant the entire decade.

Table 2. Change in Diesel Iberia consumption

	2006	2007	2008	2009	2010
High-end (Contemporary)	26%	27%	24%	14%	10%
Medium (Quality)	42%	41%	41%	42%	40%
Low (Mainstream)	32%	32%	35%	44%	50%

Source: Diesel.

As such, in periods of great price sensitivity, the stronger is the brand, the greater chance of success it will have across its entire product range. In this

case, this is due to a significant portion of the brand's clientele remaining loyal to the label despite turning to its cheaper product offering. Diesel has thus succeeded in reinforcing its position associated to youthful modernity in the premium range and thus been able to continue to expand its base of brand-focused clientele.

Conclusions

It is clear that the economic crisis begun in 2008 has accelerated consumers' heightened price sensitivity which originally began with the rise of the low cost phenomenon at the beginning of the decade. This new scenario has led to greater rationality in consumption patterns according to which the client is predisposed to *pricing for value*, that is, relating the price to the value a good or service provides by him/her.

This is the new consumption pattern. As such, some consumers opt for value, others for price, some for comfort, others for relationships, and, lastly, an increasingly numerous group are more chameleon-like, at times buying one way and at other times a different way. In this sense, greater price sensitivity has implied a generalized shift in consumption towards lower priced goods. But, within the context of this search for lower prices, an important percentage of consumers remain brand-focused, either continuing to purchase the same name brands or turning to the lower-priced products in the same brands' portfolios.

The four brand cases included in our study (mass commodities and household products, powdered detergent, beer and Diesel) all demonstrate this. In particular, all four demonstrate the hypothesis' validity for the period from 2005 to 2006; the powdered detergent and Diesel cases also do so for the period from 2008 to 2009, while, in the first and third cases, mass commodity and beer brands, this only occurs partially for the 2008-2009 period.

The evidence provided by the cases analyzed regarding consumers' continued brand focus has implications for three large fields of research: knowledge regarding consumer behavior, the reaffirmation of brand value, and innovation to adapt to clients' price/value preferences.

According to this, we should signal that it will be increasingly difficult to identify consumer attitudes if we exclusively focus on traditional segmentation variables as we have done in this study. It will not be easy to keep track of consumers throughout the purchase process with the existing heterogeneous offering, especially when their behavior is increasingly hybrid. Consumers' chameleon-like behavior provides new opportunities for psychographic segmentation techniques to understand their attitudes,

preferences and lifestyles. Along with the application of these techniques to large consumption areas, an urgent line of research is needed on the relationship between prices and brands, analyzing their close relationship to deduce corresponding consumer reactions. In this respect, we have to move forward on perfecting trade-off analysis research techniques.

Brands reaffirm themselves in this context as global and stable support for the high value added associated in individuals' minds, identifying and representing their products and companies, values, feelings, experiences, lifestyle, etc., so that they are clearly differentiated from the competition and translated into signs which bring them closer to their audience offering them reliable information. From this new perspective, the distinction between name brands and private labels for consumers is increasingly false and less interesting. Both brands respond to different consumer situations and are capable of satisfying different audiences alternatively depending on the purchase moment or the channel. From this we can deduce that manufacturers and retailers need to make greater efforts in innovation, reinforcing each of their key success factors and fully developing their brands in line with their own strategic objectives. In the near future, these will all increasingly converge.

Compared to the permanent stress in companies to relate their products to price (low prices), the brand focus reflected in this study leads us to think that what clients want is a sufficiently well-communicated and clear value proposition in which the mix of benefits (both basic and complementary) are more clearly in line with the value itself and the price clients are willing to pay in each given moment.

From its current positioning, each brand should reorganize its portfolio bearing in mind the clients' shift towards lower prices. Brand product ranges should be as narrow as possible. In the case the context radicalizes, requiring broader premium and medium product ranges to be able to enter the low cost area, they will have either to dedicate themselves to this on a very temporary basis or give up their current branding strategy and adopt a separate one on the side.

The most noted innovations in client retention strategies as deduced from this study include sales, discounts and promotions (found in the mass commodity case), a change in product size (powdered detergent) and the power of the brand and its associations (the beer, *Exquisita Gama Premium*, and Diesel). To these we would have to add all production-related factors (relocation, outsourcing, a new relationship with suppliers, logistics, etc.); processes (basic, dynamic prices, online services and the use of discount channels, outlets, etc.); and how profits

are made (new fixed capital amounts, the break-even point, amount of benefits, modified cost structures, risk management, etc.).

Analogously, if price is no longer just an important brand attribute but also a decisive factor in the decision-making process, if this new function for price in this process forces consumers to change their traditional pricing logic for one based on value, if consumers adopt consumption models which blur their brand

loyalty, and if companies adopt innovation models to lower their costs to thus sell their products more cheaply, we should ask ourselves: will a new brand paradigm arise as a result of the new role played by prices, forcing a strategic reconsideration of the branding policies adopted by both name brands and private labels? The answer is affirmative. Brand management has acquired a new dimension which characteristics will have to be defined in further research.

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