CHAPTER 6

CONTRIBUTIONS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH DIRECTIONS

Theoretical Contributions

In this research, we propose a robustness model to explain customer SOW by incorporating the notion of multi-brand relationship. In this environment, customers buy multiple brands in a product or service category. However, they spend mostly on their top two brands (i.e., more than 90% of SOW is allocated to top two brands), although they have multi-brand relationships with more than two brands. Moreover, average adjacent brand's SOW is only a half of top brand's SOW. It is 65% of top brand and 30% of adjacent brand in credit card industry and 62% of top brand and 30% of adjacent brand in grocery store industry. This SOW trend (which is in individual level) is consistent with a bigger perspective, market share. For example, in Thai market, the market leader in instant noodle, body lotion, baby powder, ice cream, and baby clothes industries held two times market share to the second (Marketeer, September 2008).

This is the first model that test integrated model by taking into account SOW of competing brand (i.e., top two brand – top brand and adjacent brand) at the same time. All of past researches in the field have studied only dyadic relationship between the brand and its customer. And they have modeled only one particular brand without consideration of competing brand. We argue that research in SOW field should focus and consider competitive effects from competing brands since the ground notion of SOW. In this study, competitive effects among the competitive brands in a category are examined by focusing on top two spending brands of each customer. Both brand are modeled together as integrated model.

In this study, antecedents of SOW are better conceptualization. We propose and test a model of SOW by including only drivers of SOW. Moreover, none has shed some light into non-brand and brand drivers. This research is also the first study that investigates drivers of SOW by separating non-brand, brand, and relationship antecedents. Furthermore, these drivers are paid attention on the notion of SOW, i.e., the concept of superiority of one brand over the others. These drivers – value superiority, brand superiority, and relationship instruments – are then tested in the model with the two data samples. The results show that customers rely on all of those brand drivers when allocating their share of spending in a category or SOW to that brand and its competing brand. This study also shed light on relative importance of brand and non-brand drivers between top and adjacent brands.

Moreover, there are negative effects of one brand's drivers on competing brand's SOW. Specifically, a driver of top brand negatively influences SOW of adjacent brand. And conversely, the same driver of adjacent brand also negatively influences top brand's SOW. We found that these effects are consistent in both industries, credit card and grocery store industries, but a significant driver is different. They are value superiority in credit card industry and brand superiority in grocery store industry that have a negative effect on the other brand's SOW. Although not all drivers show significant effects, it seems that only certain drivers in the industry show significant result. Differing importance drivers across industries is found in this research.

Moreover, this is the first study that focuses on future SOW. In this relationship-oriented era, the long-term perspectives are focused instead of the short-term. Thus, SOW in this study is focused on the long-term perspectives or long-run performance of the firm. Like other future intentions measures, subjective future SOW measure is developed and tested in the model. The measurement items of the construct are highly reliable. We also found the consistency between future SOW and current SOW. And then, it is more useful to apply future SOW in further study since it is forward-looking measure.

Managerial Implications

Managerial implications are developed based on the results from this study. First of all, we suggest that firms should realize this multi-brand-relationship environment and focus on SOW as a significant determinant of firm performance. For measuring SOW, firms need to make a survey about spending behavior of their customers. And it is beneficial for them to get deep insights from them. Not only information about its brand, but also spending on other brands that they can acquire. Moreover, they can also find out competitive brands that they are competing with for SOW. All of this information would help them to deal with competitive effects in this environment.

Business practitioners can focus on drivers to increase their brands' SOW. With better conceptualization, value superiority, brand superiority, and relationship instruments have been found to positively influence its brand SOW. Not only non-brand factors that firms need to focus, but also brand factors that significantly influence brand's SOW, as well as relationship-related factors. In addition, since this study focus on future SOW, those drivers are developed for driving SOW in the long term. Practitioners can exploit those drivers for long-term performance.

Moreover, there are also certain drivers that have negative impact on competing brand's SOW. Since the notion of SOW is zero-sum game, if SOW of competing brand is decreased, other brands' SOW will be increased and the focal brand may have a good chance to acquire that SOW. With this, practitioners can focus a driver that helps decreasing an adjacent brand's SOW. However, this certain driver is different across industries. This is very important because in this business environment, their limited marketing budget should be allocated to those drivers creating a strong impact on its SOW and other brands' SOW. For example, for credit card firms, it is clear that value superiority can help firms decrease other competing brand's SOW and this driver should be focused, such as quality, price, and convenience. But for grocery stores, it is brand superiority. For other industries, firms can replicate our study to find the most impact drivers on SOW.

As stated earlier in previous chapters, one particular firm can be top brand, adjacent brand, and other brand positions for each customer. For example, half of Tesco Lotus's customers may use or allocate their SOW to Tesco Lotus as top brand. And Tesco Lotus may be the adjacent brand for another half of their customers. Since the relative important of drivers on SOW between the top brand and the adjacent brand are different, marketing strategies or actions for driving its SOW for each group of customers or each individual customer would be different.

For customers who allocate their SOW to the firm as top brand, firm needs less effort to maintain its SOW. To maintain or increase these customers' future SOW, top brand has to focus and should allocate most of its marketing budget on only certain drivers. Moreover, the results from this study also indicate that this certain drivers can also reduce the adjacent brand's future SOW. Specifically, top brand in credit card industry should focus on value superiority to drive its future SOW and decrease adjacent brand's SOW. For grocery store, top brand should rely mostly on brand superiority. Nonetheless, all other drivers still need to be paid attention to maintain its SOW, even they are less important than those critical drivers. Therefore, for this group of customers, it is easier for top brand to maintain its SOW as long as they pay attention to the right drivers of SOW.

On the other hand, a significant purpose of the adjacent brand is to increase its SOW and let itself to be top brand of customer. However, it is tougher for adjacent brand to compete for SOW. All three drivers seem to be equally important to increase future SOW of adjacent brand (or for customers who allocate their SOW to the firm as adjacent brand). For these customers, firm needs more attempts and has to focus on all value superiority, brand superiority, and relationship instruments. For credit card industry, adjacent brand needs to allocate their marketing budget on all of those antecedents with this group of customers. Moreover, to compete with the top brand, firm also needs to focus on value superiority which help reducing top brand's future SOW. Thus, adjacent brand has a good chance to compete with top brand by focusing on marketing actions that involve in value superiority, such as their interest rate, annual fee, convenience, etc.

Similarly, adjacent brand in grocery store industry has to put more effects for acquiring customer future SOW than top brand. For customers who the firm is adjacent brand, all of three drivers of its future SOW have to be paid attention. However, it seems that firm needs to focus more on value superiority and brand superiority, with a little less with relationship instruments, to maintain or increase its future SOW. At the same time, to compete with top brand, adjacent brand can also reduce future SOW of top brand's SOW by focusing on brand superiority.

Limitation and Future Research Directions

This research studies and tests the model with credit card customers and grocery stores customers. However, since we have no list of all multi-brand relationship customers in both industries, we apply purposive sampling by collecting data only from customers who have multi-brand relationship. And we found that the distribution of age, income, and education are not well spread out. Therefore, to gain more precise, statistical descriptions of large populations, future research should apply probabilistic sampling from customer database.

Moreover, this research focuses only on service industries, in which credit card industry has higher degree of services than grocery store industry. The results show that the effect of drivers on other competing brand's SOW is different between the two industries. Future research may replicate and investigate the study in other service industries to find significant drivers and test for the robustness of the model, such as hospital industry and coffee store industry.

However, most existing literatures in SOW study mostly in service context, including this study. Since SOW is become more and more important determinant of performance in today's business, we argue that a study of SOW should not focus only in service industry. It is also interesting to study and retest our model in the context of consumer products, such as electronic product and mobile phone.

This research focuses only on direct effects of drivers on SOW. The results show that, the gap between top brand and adjacent brand on average is very high, i.e., about 2 times. Therefore, it would be very interesting to see whether or not the effects on SOW shows different pattern when those gap of SOW is lower. Size-of-wallet is another variable that should be focused in the future research. It shows total spending to all brands in a product or service category. We argue that customer behavior will be different based on the size-of-wallet. Those behaviors may affect how they spend or allocate its SOW to multiple brands. Future research should pay attention on these two constructs.

Finally, in this multi-brand-relationship and high competitive environment, the competitive effects should be considered on other marketing models. For example, the study in other relationship marketing context, e.g., future intention, lifetime duration, repurchase intention, and etc. We recommend that future research should focus on top two brands of customer because it is found that they held most of customer spending on a product or service category. And they should be modeled together.