How do disruptions to physical and mental availability of brands affect consumer behaviour?

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Abstract

Various research studies show that brands with high physical and mental availability have high market shares (Sharp, 2010a, Ehrenberg et al., 1997, Farris et al., 1989). Changes in these two factors are very likely to affect consumer brand choices and the subsequent market shares of those brands. Understanding how and under what conditions changes in mental and physical availability affect consumer brand buying is crucial, and therefore, the focus of this thesis.

Building upon the study by Bronnenberg et al. (2012), this thesis examines international migrants' purchase behaviour (i.e. how their brand buying changes once they move countries) in comparison to locals' purchasing behaviour. The quality and quantity of distribution and advertising for each brand varies across markets. Brand buying also varies based on its availability within each market. In fact, the unique conditions of each new market that a migrant moves into presents the researcher with the possibility for a 'natural experiment' to be conducted as it relates to their purchasing patterns. As migrants settle into their new homes, they can no longer shop at their previous grocery stores. Therefore, migrants have greater access to various new brands, and less access to foreign brands they were once accustomed to purchasing. Thus, the expectation is that migrants to any new market will start to buy these brands and look like local shoppers (see Stocchi et al., 2017). However, due to migrants' prior long-term exposure to the brands they historically purchased (i.e. foreign brands), migrants may purchase the brands that are still mentally available to them and devote less of their purchases to the unfamiliar brands (i.e. domestic brands) in their new location – at least at first. It is not known for how long or how strongly these effects last. This natural experiment allows us to further understand how changes to physical and mental availability influence consumer brand buying patterns.

While the change in physical availability is immediate, the changes in mental availability are much slower, as migrants will retain the memories of brands even after moving countries. These memories can fade and change depending on the re-enforcement they receive, but it is not yet known how quickly this occurs or what specific conditions impact their choices.

This thesis draws on scholarly literature relating to physical and mental availability to interpret the brand buying patterns documented in this study. Physical and mental availability are consistent with the following well-documented buying behaviour patterns:

1. Double Jeopardy – bigger brands have a larger consumer base who buy them more frequently (McPhee, 1963b, Ehrenberg et al., 1990). Double Jeopardy is used to demonstrate if different behavioural measures such as Average Purchase Frequency (Graham et al., 2017a), Share of Category Requirements (Mellens et al., 1996), Sole Loyalty (Ehrenberg et al., 1990), and Category Buying Rate (Romaniuk and Sharp, 2016) alter when there are disruptions to a brand's physical and mental availability.
2. Consumer repertoire purchasing – consumers purchase from a smaller set of brands from a much wider category (Ehrenberg and Scriven, 1997, Scriven and Ehrenberg, 1994, Dawes, 2008). The yearly average repertoire size for consumer packaged goods (CPG) is 2-3 brands (Banelis et al., 2013). Repertoire size is a measure of consumer brand loyalty (Stocchi et al., 2012).

The specific research question addressed throughout this thesis is:

RQ: What are the effects of physical and/or mental availability disruptions over time?
Measured by:
a) Penetration, b) Repertoire Size, c) Category Buying Rate, d) Average Purchase Frequency, e) Share of Category Requirements, and f) Sole Loyalty.

This research is based on a survey of 790 respondents (n=395 migrants who settled in Australia and n=395 Australian citizens by birth – for comparison) across five CPG. Comparisons across retail formats and media consumption are also explored.

Migrants come from all over the world and hence have diverse memories and experiences with different brands. The results show that even though migrants buy similar proportions of global, foreign, and domestic brands to locals, there are still consistent differences in their brand buying:

- Migrants continue to purchase the brands they are familiar with – those that are mentally available once they settle in Australia. Specifically, across the five CPG categories examined, they are 14% more likely to buy foreign brands, 7% more likely to buy global brands, and 5% less likely to purchase domestic brands than locals.

- Migrants are consistently less loyal to the brands they purchase (8% lower score for Sole Loyalty and 3% lower score for Share of Category Requirements) and buy from slightly larger repertoires (2.5 vs 2.1) – a pattern that also remains consistent across the years. Such a pattern (less loyalty and larger repertoires) has been previously documented as common for heavy (frequent) category buyers (Ehrenberg and Goodhardt, 1977, Ehrenberg et al., 2004, McPhee, 1963b). Heavy buyers are more likely to know more brands in each category (see Stocchi et al., 2017). Although migrants behave like heavy buyers of a category, they have a similar rate of category buying and purchase frequency to locals. Therefore, migrants have larger repertories because they know of more brands within each category - not because they are heavy category users. This is due to their pre-existing memories and present exposures and experiences.
- Migrants buy unfamiliar brands (i.e. domestic brands) that are easily accessible to them. These products tend to have high penetration among local consumers, and therefore, high physical availability.

These findings add to our understanding of how physical and mental availability of brands influences the buying behaviour of consumers – extending knowledge to both new measures (repertoires) and contexts that involve migrant shoppers.

The findings help quantify the value of physical and mental availability for a brand growth strategy – especially in a broader international context. It suggests that global brands aiming to grow into new markets overseas should keep their branding consistent. Consistency in branding reinforces the existing links in consumer memories, which helps more potential buyers consider their brand more often. The findings suggest migrants are more likely to visit and consume international retailers and media channels while residing in their adopted home. Foreign brands that are going into a new market may want to first establish themselves in regions where there are some migrants to help with sales and demonstrates their impact to retailers.