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Customer Branding: A Look at How Consumers Brand Fruit and Vegetables

by

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Problem Statement:

Customer branding is a process in which a customer, or customers define, label, and seek to purchase an otherwise undifferentiated or unbranded product (Pennington and Ball forthcoming). The customer(s) can be anywhere along the value chain and may be intermediate, industrial or end-user customers. The customer-branded product is a product in which the manufacturer or producer sees low benefit in branding the product while the customer sees higher benefit in branding the product (Pennington forthcoming).

Customers worldwide want and need some method of differentiation in the marketplace when the commodity or undifferentiated product either has preferred or unacceptable attributes or service. A brand provides an important function in the marketplace by allowing the customer to differentiate products and either repeat a successful, or avoid an unsatisfactory, purchase or experience. A customer-developed brand allows them to quickly evaluate a product that is unbranded by the manufacture or producer.

No previous studies have researched how consumers customer-brand their fruit and vegetable purchases. Most fruit and vegetables sold have some type of label that can identify the product: the store purchased at, place of origin, variety, supplier or distributor etc. In customer branding, the consumer develops a new label for the product. It is unclear how large the phenomenon of customer branding is in the consumer produce market.

Objectives:

The first objective of the study is to look at how customer branding is enacted in several commodity areas. Cases were selected to include Japanese, U.S. and European examples. The second objective is to discover how common customer branding is in the U.S. fruit and vegetable marketplace by end-use consumers. The third objective is to understand the reasons why

consumers feel the need to customer-brand fruit and vegetables independently of the supplier or retailer.

The extent of customer branding is unknown. This study is an attempt to gain a better understanding of what percent of final fruit and vegetable consumers customer-brand their produce.

Procedures:

A multiple-case research method approach was used to study and compare the phenomenon of customer branding. After thirty-three exploratory interviews, several commodity areas were discovered where customer branding was currently taking place. The cases were selected to be theoretically useful, extend external validity, and represent a range of potential customer branding phenomena. The cases researched include 1) end-consumer branding of fruit and vegetables, 2) student selection of multi-section university classes, 3) local produce and meat products purchases by a large food service provider, 4) beef and pork exports to key international customers, and 5) industrial precious and semi-precious metal purchases by a major international electronic firm based in Europe. Quantitative and qualitative data was collected for the first and second cases and qualitative data was collected for the third, fourth, and fifth cases.

During fall 2008, over 3600 United States consumers were surveyed on their buying practices of fruit and vegetables. The questionnaire was administered to an established, nationwide, multi-mode consumer panel. Fruit and vegetable purchasing and consumption data along with demographic information, including age, race, income, location, education, and family size, were collected for analysis.

The qualitative interviews were transcribed and analyzed for key, emergent themes. The quantitative survey, in particular, tests the conditions that must be present for customer branding to take place and their interactions. The data was analyzed using ANOVA, specifically looking at the main effects, and three-way interactions.

Results:

The analysis is ongoing and will be completed by the end of 2008.

Preliminary Conclusions:

The most obvious benefit to the customer in customer branding is that they are able to easily repeat the purchase of a commodity product that has met their needs. Customer branding helps the customer by making a purchasing of a traditionally commodity product easier to repeat in the future. However customer branding, as discovered through qualitative interviews, is very time consuming for the customer. Extra effort is required over the simple purchasing of a standard commodity product. The customer brands a product as the commodity market does not sort and market the product as desired by the customer.

Customers will not customer-brand a commodity product unless they perceive that there is variation in the marketplace, delivery of the general commodity product is unacceptable, and the customer is able to identify and obtain a subset in the marketplace that meets their needs (Pennington forthcoming). For customer branding to occur, customers also need to locate the product across suppliers. If one producer or supplier can be discovered who meets their needs, the customer will be able to identify the product by the individual/supplier and will not have a need to brand the product on their own.

When a customer brands a product, they send a signal to the channel on what they are interested in purchasing. As discovered through initial qualitative interviews, this signal can be sent to multiple suppliers, just selected suppliers, or bypass the supplier completely and signal to the producers. The customer can openly brand the product or quietly brand and keep the reason they are branding undisclosed. The wholesalers/suppliers ideally would want the customer to use their name as the brand when purchasing, however, this is not the case in a customer branded product. The wholesaler/supplier would like to provide a commodity product to the customer that he/she will be willing to pay a premium for in the marketplace. If the customer is branding the product, the customer may be willing to pay a premium for the product. If the wholesaler/supplier is not aware this is occurring, money could be 'left-on-the-table'. The wholesaler/supplier may be a disadvantage as they may not know the final use of the product and therefore find it difficult to set a reasonable price where both the customer and wholesaler/supplier are satisfied.

By understanding the process of customer branding, we can better understand how seemingly undifferentiated markets work. By considering the product chain and the process of branding when customers rather than marketers enact it; we gain new insight into the process of branding in general. Although not heavily studied in the marketplace, customer branding exists and by understanding the phenomenon, channel participants can increase revenue, improve product movement, and potentially profit.

References:

Pennington, Julia R. (forthcoming), "Customer Branding: The Customer Developed Brand," PhD Dissertation, University of Nebraska-Lincoln.

Pennington, Julia R. and A. Dwayne Ball (forthcoming), "Customer Branding of Commodity Products: The Customer Developed Brand," *Journal of Brand Management*, Online version published 16 November 2007 (<http://www.palgrave-journals.com/bm/journal/vaop/nccurrent/abs/2550131a.html>).