

# Research explains brand reputation's key role in a store-within-a-store

September 23 2010

---

With the concept of a store-within-a-store growing across the country, a Kansas State University researcher's work shows the increasing importance of brand reputation and its strong role in governing decisions.

Richard McFarland, associate professor of marketing, and four colleagues recently completed "Understanding Governance Decisions in a Partially Integrated Channel: A Contingent Alignment Framework." Their research will be published in the elite [Journal of Marketing Research](#) next year.

The research looks at separate companies who entered a store-within-a-store agreement, which occurs when a manufacturer has its own store and salespeople inside a retailer store. Examples of a store-within-a-store include Estee Lauder using cosmetic stores in department stores, Jones Apparel Group placing salespeople in department stores and Apple Inc. using the Apple Sales Consultants Program, which places Apple salespeople in retail stores. In such stores the manufacturers hire and train their own sales force so that they can control how their brand is marketed and the customer service they provide.

"It's interesting in a practical sense because more companies are starting to do this," McFarland said. "It's important to be able to provide companies with advice on whether they should do it or not. For companies who are doing it, how they manage those relationships has practical implications for retailers."

Although the concept of a store-within-a-store is growing in importance in the United States, it has been popular for years in Asia, and it is beneficial for global companies in the U.S. to be familiar with the store-within-a-store model, McFarland said. The research team used data from Korea for the study and coined the term "partially integrated channel," or PIC, to describe a store-within-a-store.

The store-within-a-store concept is especially common among strongly branded consumer markets for cosmetics, apparel and technology goods, McFarland said.

"These are generally characterized by short product lifecycle and rapidly changing customer preferences," he said. "Because things are changing so quickly, manufacturers want to have flexibility, but at the same time, they want to have salespeople there so that they can have good customer service and good customer support."

While the benefits for both sides are mutual, the research shows that cooperation between the manufacturer, the manufacturer's sales force and the retailer is key for a store-within-a-store to succeed, McFarland said. Manufacturers with rapidly changing products like the flexibility that a retailer can provide, and a store-within-a-store lets the manufacturer have more control of its brand and brand reputation. On the other hand, retailers are able to attract more customers with well-established and well-known products, as well as a knowledgeable sales force.

Brand reputation, market uncertainty and sales force performance ambiguity are key factors in how the three entities interact, McFarland said.

"If brand reputation is high and feedback from the retailer is high, then the manufacturer is going to give more decision power to the

salespeople," McFarland said. "If environmental uncertainty is high and brand reputation is high, the manufacturer will be more flexible with negotiations with the retailer."

Provided by Kansas State University

Citation: Research explains brand reputation's key role in a store-within-a-store (2010, September 23) retrieved 10 April 2024 from <https://phys.org/news/2010-09-brand-reputation-key-role-store-within-a-store.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--