An Experimental Study of Retailer-Brand Collaboration: Duration and Perceived Fit Towards Consumer Behavior

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ABSTRACT

Indonesian retailers such as department stores tend to use sales promotions by discounting items, which has caused the consumer to be less likely to pay at fu ll price and learn to postpone their purchase. Therefore, this study investigates the effects of limited-edition strategy in a retailer-brand collaboration on consumer behaviors, i.e., the urgency to buy. Analysis of variance was conducted to test a 2 x 2 between-subjects design (n=277). The result shows that the urgency to buy is favorable among participants when the collaboration product is offered as limited-edition and has a high perceived retailer-brand fit. This study contributes to marketing literature in the space of the effectiveness of brand alliances and limited -edition strategy. Further, this study provides insights for managers to design competitive marketing strategies by exciting consumers to purchase right away without marking the product on sale.

Keywords: Retailer-brand collaboration, Limited-edition strategy, Perceived Retailer and Brand Fit", Urgent purchase behavior.

1. INTRODUCTION

Department stores in Indonesia have experienced a decline in sales performance over the past few years. The impact of this issue has been proven by the shutdown of several department store outlets that have stopped operating [1]. This is mainly due to the increasing competition in the retail industry, especially after several competitors such as H&M, Zara, and UNIQLO entered Indonesia's retail sector [1]. In addition, the decline is also predicted to occur due to the behavior of department store consumers who tend to delay purchases and wait for the desired product to be sold at a discount [2]. Such buying behavior put retailers in an unfavorable position, because not only do consumers choose to delay purchases, but they also prefer to pay half p rice, which causes the slowing sales growth [2][3].

In recent research, Euro monitor provided insights into how department stores in Indonesia can survive the retail industry competition, that is, to gain a new competitive advantage [1]. A previous study showed that one of the strategies that can give department stores a new competitive advantage is collaborating with well - known brands, especially among target consumers [3]. Through collaboration, retailers can increase their competitive advantage, while brands can attract attention and publicity [4][5]. However, department stores need to consider the level of fit between the brands involved in a collaboration. The fit is considered important because it might cause a financial impact on the parties involved and their brand image [6]. It also determines the appropriate promotional strategies in marketing collaborative products [5][6]. Considerations related to fit are also essential in retailers' efforts to create collaborative concepts that are considered unique and exclusive to encourage consumers to respond positively [6].

Previous study also proves that implementing a scarcity strategy in a collaboration can result in intense purchasing behavior among consumers, such as impulsive buying [3]. This buying behavior causes make an unplanned purchase, triggered by emotions. It was specifically mentioned that the brand collaboration strategy's success and the limited-edition strategy are characterized by positive buying behavior [7]. While previous research was conducted in the United States, this study wanted to test whether a retailer-b rand collaboration strategy that was offered on a limited basis could produce the same purchasing behavior among Indonesian consumers. Hence, this study examines the effectiveness of implementing limited collaboration duration and controlling the fit of the collaborating retailer-brand on consumer behavior.

2. LITERATURE REVIEW

2.1. Perceived Scarcity in Limited -Edition Strategy

Studies have shown a relationship between the effects of scarcity and consumer perceptions of signaled products [8]. One theory that supports this relationship is the commodity theory, where a product will be considered more valuable when the product is scarce [9]. Th is theory implies that the rarer the product, the more valuable and desired by consumers [7].

Meanwhile, based on the theory of cognitive resources, an individual has certain cognitive capacities that can be used to perform various tasks. The more cognitive resources are used, the harder it will be for someone to pay attention to their surrounding [10]. In the context of scarcity appeals and messages, time pressure and limited-edition signals can influence consumer shopping behavior by affecting consumers' ability to process information [11][12]. Their cognition focuses on scarcity and time pressures messages. In other words, as long as there are signals that indicate a product as a limited edition, the consumer will perceive the additional value of the goods being offered, and they will consider other potential buyers as a competitive threat. This could consequently encourage them to show aggressive buying behavior [13], such as impulsive behavior in buying.

The concept of urgency to buy is defined as the urgent desire to purchase products immediately that arise due to marketer or companies limiting consumers' freedom to take their time of considering alternative decisions [14][15]. External factors and internal factors can drive the urgency of consumers to buy. As the internal factors cannot be controlled [3][16], marketers tend to focus on external factors that can drive consumers to buy through marketing and advertising strategies. This way, marketers can take advantage of the effective components in the product experience that can be offered to encourage unplanned purchases, even to the point where consumers are motivated to buy *Participants'* aggressively [17]. Based on this explanation, we proposed the following hypothesis:

H1: urgency to purchase is stronger when the product is offered as limited-edition than ongoing collections.

2.2. Fit between Retailer and Brand

To generate a positive evaluation and purchase intention, consumers need to understand the compatibility of the partnered brands [18][19][20]. Several studies that discuss retailer-brand collaboration have found that retailer-b rand compatibility can affect the attitudes, evaluations, and consumer behavior toward the collaboration [3][5]. Therefore, it imp lies that the main key to a successful collaboration is how

the company chooses its brand partner and how consumers perceive the partnered brand [19][20][21]. This expectation will influence consumer evaluation, which in turn will affect consumer purchasing intentions. Therefore, we proposed the following hypothesis:

H2: Participants' urgency to purchase is stronger when the fit between retailer and brand perceived as high than when the fit perceived as low.

2.3. Combined Effect of Limited-Edition Strategy and Perceived Fit between Retailer and Brand

One of the goals of collaboration as a marketing strategy is to differentiate a brand from competitors through novelty elements, to enhance the image of each partnered brand [22]. However, marketers need to pay attention to the retailer and brand's compatibility. Positive perceptions of retailer and brand compatibility can result in positive consumer attitudes and assessments to produce positive purchase intention [5]. On the other hand, previous research has shown that in brand alliances, brand reputation or prestige have a different effect from the duration of collaboration [23]. Both aspects determine the success of the brand collaboration, but compared to reputation, which takes a long time to be obtained, the duration is a variable that is easier to control by managers [23][3]. Thus, by offering exclusivity in the form of time and supply restrictions that are only available at certain retailers, consumers can signal that they have good taste and deserve to be admired by the people around them [24]. In reference to the explanation above, we proposed the following hypothesis:

H3. For the high perceived fit retailer-brand collaboration, participants' urgency to purchase is stronger when the collaboration product as limited - edition rather than ongoing collections.

3. RESEARCH METHODOLOGY

Figure 1 depicts the theoretical frameworks used in this study. It was adapted from [3]. In reference to the previous literature finding that retailers must decide the duration of the collaboration and consider the fit between the collaborating retailer and brand to produce urgent consumers' behavioral intention, such as urgency to buy, we investigate each factor's direct effect, the interaction of two factors, and the interaction of two factors on the urgency to buy.
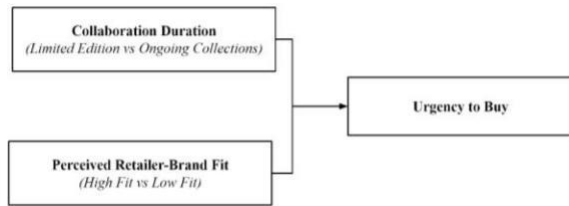
Figure 1 Research Framework [3]

3.1. Experimental Study

We conducted a between-subject experimental study with a 2 (collaboration duration: limited-edition versus ongoing collection; manipulated factor) x 2 (perceived retailer-brand fit: high versus low; manipulated factor) design using an online questionnaire with four sets of stimuli. In the beginning, we randomized the stimuli by asking the participants to choose a number (1) to (4) that lead them to their assigned manipulation.

3.2. Measures

The manipulation check for each stimulus was adapted from [25][8][3]. After the participants are exposed to the stimuli, we instructed them to rate their urgency to purchase using a three-item adapted form [16]. A ll the questionnaire measurements use a five-point Likert scale. We performed a validity and reliability test, and the result shows that all the items are valid (factor loading: 0.728 - 0.970) and reliable (Cronbach's alpha: 0.707 - 0.920).

3.3. Pilot Test

This study used a combination of high-end product brands and high/low-end department stores brands to manipulate perceived retailer-brand fit. When conducting a study of company strategy, researchers commonly use real company names [26][27][28][3]. Therefore, we performed pilot tests to (1) compile and (2) select the product category, high end/low-end product brand, and department stores. Once the components were selected, we edited the advertisement video to include a manipulated text message adapted from [3]. Each stimulus used the same video advertisement, except for the text manipulation and the product brand and retailer name. Based on the majority results (n=57), we selected bag as the product category (43,9%), Louis Vuitton as the high-end product brand (24,7%), Seibu Department Store as the high -end retailer (29%), and Matahari Department Store as the low-end retailer (26,5%). Based on the pilot test result, we developed four sets of stimuli that contain manipulations of collaboration duration and high/low fit collaboration. Manipulation checks were performed to

ensure that the participants understand the manipulation exhibited in each stimulus.

4. RESULT AND DISCUSSION

4.1. Main Test

To test the proposed hypotheses, we collected data using an online questionnaire. The participants consist of 277 are actively working females. We used female participant data only because fashion products are often targeted toward female consumers [29]. As this research focused on the collaboration of high-end product brands and retailers, we decided that only respondents could afford branded products [30]. Therefore, we only use the data of actively working participants and had not experienced a decline in income due to COVID-19 being eligible to participate.

The manipulation checks result suggested that the participants agree that the high fit stimulus was perceived as a higher level of retailer-b rand fit (M=2.937) compared to the lo w fit one (M=2.131). Meanwhile, the manipulation checks result indicated that the participants exposed to the limited-edition stimulus (M=2.786) perceived the product offered to be scarcer than those exposed to ongoing collection one (M=2.281).

4.1.1. The effect of duration and perceived retailer-brand fit

4.1.1.1. Collaboration duration: Limited edition vs ongoing collection

In testing hypothesis 1 (n=277), a one-way analysis of variance revealed that there was a statistically significant effect of duration on the urgency to buy [F (1, 270) = 18.524, p = 0.000]. Bonferroni post-hoc result indicated that the mean score of the urgency to purchase for the collaboration offered in the limited edition (M=2.384, SD = 0.892) was significantly different from the ongoing collection one (M =1.892, SD = 0.671). The result suggests that the participants exhibited a higher urge to purchase immediately when the collaboration is offered in limited edition. Therefore, we conclude that H1 can be accepted.

4.1.1.2. Perceived retailer-brand f it: High f it vs low f it

In testing hypothesis 2 (n=277), ANOVA result revealed that there was a statistically significant effect of perceived fit on the urgency to buy [F (1, 271) = 4.532, p = 0.034]. Bonferroni post-hoc result indicated that the mean score of the urgency to purchase for the collaboration perceived as highly fit (M =2.510, SD =

0.876) was significantly different than the collaboration perceived as lo w fit (M =1.760, SD = 0.561). The result suggests that the participants exhibited a higher urge to

purchase immediately when the retailer and product brand in the collaboration are highly compatible. Therefore, we conclude that H2 can be accepted.

Table 1. ANOVA Results

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Intercept	1220.635	1	1220.635	3045.422	0.000	0.91773
Collaboration Duration	14.536	1	14.536	18.524	0.000	0.11726
Perceived Retailer-Brand Fit	28.695	1	28.695	4.532	0.034	0.20770
Collaboration Duration * Perceived Retailer-Brand Fit	0.29	1	0.29	0.073	0.788	0.00027
Error	109.421	273	109.421			
Total	1375.250	277	1375.250			

4.2.2. *The effect of two-way interaction: Collaboration duration x perceived retailer-brand fit*

In testing the effect of two-way interaction (n=277), we performed a two-way analysis of variance (ANOVA) to test the interaction effect o f duration and perceived retailer-brand fit. The result (Tab le 1) revealed that the combined effect of duration and

perceived fit does not reach the conventional **significance level [F (1, 273) = 0.073, p = 0.788, ηp2 =** 0.002] on urgency to buy. Nonetheless, the participants exhibited a stronger urge to buy the collaboration product when the highly perceived fit collaboration was offered in limited edition (M =2.665, SD = 0.805) than an ongoing collection (M =2.185, SD = 0.579). As there is no significant interaction effect, the main effects exhibited a significant effect (p = 0.000). To interpret the results, partial eta squared value represents the

relative impact of perceived retailer -**brand fit (ηp2=** 0.207) compared to collaboration durati**on (ηp2= 0.117),** which means that perceived retailer-brand fit has an effect that is twice as strong as collaboration duration. Based on the result, we conclude that H3 cannot be accepted.

5. CONCLUSIONS AND IMPLICATIONS

The results show that the limited-edition strategy has a superior effect across all behaviors tested in this study: the urgency to buy. This study's findings support retailers to limit collaboration (time or quantity) to reduce consumer intentions to delay purchases [3]. Th is form of limited-edition strategy has proven effective in consumers' intentions to purchase the product [31] in

fear that they will not be able to purchase the product in the near future.

In implementing collaboration, retailers need to consider the level of fit, as it was proven to affect consumer perceptions and evaluation. This study's findings prove that high-end retailers should collaborate with brands of the same or higher class. Meanwhile, these findings suggest that collaborating with higher-end brands does not impact high-end retailers for lower-end retailers. In other words, the findings of this study support lower-end retailers to collaborate with product brands that have the similar level of quality, prestige, price, and image. It indicated that when the fit between the collaborating brands is perceived as high, the consumer will show a stronger positive behavior [3]. However, based on the finding of the combined effect, it can be stated that for behavior as intense as urgency to buy, retailers need to consider the brand partner who can enhance the retailer's brand image instead of overshadowing it.

AUTHORS' CONTRIBUTIONS

A.A. carried out the experiment. T.E.B. supervised the process and the findings of this wo rk. Both authors provided feedback and shape the research and analysis.

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