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# The secret to a fashion advantage is brand orientation

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## Abstract

The purpose of this research was to develop a comprehensive measure of brand orientation and empirically examine whether a fashion retailer's brand orientation assists in explaining variations in its retail offer advantage over competitors. This study provides a conceptualisation and operationalisation of brand orientation within the context of fashion retailing. Four dimensions of brand orientation are introduced including distinctiveness, functionality, value adding and symbolic. The results suggest that the more brand oriented the fashion retailer, the greater its retail offer advantage over competitors. It concludes with new insights and suggestions for fashion retailers in driving greater differentiation and competitive advantage.

**Keyword(s):** Brands; Fashion; Competitive advantage; Product differentiation.

## Introduction

The fashion retail marketplace has attracted criticism for a lack of differentiation, possibly due to greater degrees of market concentration and the standardisation of the fashion retail offer across stores and regions (Birtwistle and Freathy, 1998). In addition, new technological developments have enabled fashion retailers to replicate competitor offers with relative ease (Ferne *et al.*, 1997). Thus, fashion retailers face both a differentiation dilemma and a challenge in sustaining any long-term advantage over their competitors. One way that fashion retailers have sought to differentiate themselves from others and develop a sustainable competitive advantage is through branding not only the products, but the total store experience.

Davies (1992) argues that for the store name or fashion label to be elevated to the status of a retail brand, it should perform four functions:

1. The ability to differentiate.
2. Command a price premium.
3. Have a separate existence to the corporation.
4. Provide a form of psychic value to customers.

In the context of fashion retailing, these attributes are not independent from one another. For instance, many fashion retailers ranging from Benetton to Dior are able to differentiate their products and store experience from others through the psychic value they provide to customers. Moreover, the ability to transfer the retail brand to other products or store formats, as Victoria's Secret and Gap have done, is often dependent on the strength of its psychic value. The price premium issue is becoming increasingly contentious in retail branding, as some fashion retailers (i.e. Top Shop

and H&M) have attempted to differentiate their brand from competitors through a discounting position. This does not preclude the retailer from transferring the brand or providing augmented symbolic value to customers. Thus, a fashion retailer may still be considered a brand regardless of its pricing strategy.

It is evident that fashion labels and retailers can be viewed as retail brands. While it is important to clarify the status of fashion retail brands, such discussion is of a predominantly descriptive nature. An issue of greater importance, which has more predictive implications for competitive advantage in the fashion retail sector, is the degree to which the organisation values brands and its practices are oriented towards building brand capabilities. Thus, the purpose of this paper is to develop a comprehensive measure of brand orientation and examine whether a fashion retailer's brand orientation assists in explaining variations in retail offer advantage. The first section of this paper discusses the retail offer advantage, provides a conceptual background to brand orientation and presents a four dimensional model of the construct. The second section examines the relationship between a fashion retailer's brand orientation and retail offer advantage. Following this, the research methodology is discussed and empirical evidence analysed. Conclusions are drawn and insights provided to guide fashion retailers in focussing their business efforts in the future.

### ***The retail offer advantage***

Johnson (1987) argues that retailers have essentially two bases upon which competitive advantage can be sought, namely, cost-focussed and market focussed. The cost and market focus are similar to Porter's (1985) framework of generic strategies for achieving competitive advantage, which include cost leadership, differentiation and focus. The differential strategy is the foundation of the retail offer advantage construct examined in this study. Ghosh (1994) proposes that the creation of an advantage based on differentiation, which he refers to as differential advantage, is necessary in order for a retailer to survive in the current competitive climate. The success of fashion retail brands is often assessed in terms of the degree to which the organisation achieves a differential advantage (Schmitt, 1999). Retailers must not only achieve differential parity, they must give consumers superior reasons to visit their stores compared to their competitors (Ghosh, 1994).

In the context of this study, retail offer advantage is the advantages fashion retailers' achieve when they are considered superior or better than some point of reference (Hunt and Morgan, 1996). The retail offer advantage reference point to be used in this paper is consistent with Oppewal and Timmermans' (1997) use of a retailer's main competitor. In line with earlier studies (Walters and Knee, 1989), the dimensions of a retail offer advantage encompass four theoretical areas; merchandise, trading format, customer communication and customer service.

### ***The brand orientation model***

Although limited by a small number of established definitions, existing definitions of the brand orientation construct have their roots in the traditional brand definition, encompassing elements of the marketing concept and the RBV of the firm. Urde (1999) defines brand orientation "as an approach in which the processes of the

organisation revolve around the creation, development and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands” (p. 117). Hankinson (2001b) suggests that brand orientation can be conceptualised along a continuum. Consequently, brand orientation is defined as “the extent to which organisations regard themselves as brands and an indication of how much (or how little) the organisation accepts the theory and practice of branding” (p. 231).

While Hankinson's (2001b) and Urde's (1999) definitions recognise the importance of branding and provide greater clarity, current definitions still fail to encapsulate the holistic orientation at the heart of the construct or capitalise on the extant brand conceptualisations. A review of the RBV literature suggests that most business orientations, such as market orientation, lack common conceptualisation. This is also evident in general models of the brand concept (de Chernatony and Dall'Olmo Riley, 1998b). The issue driving the different orientation conceptualisations is rooted in the lack of a common understanding of business orientations (from a philosophical or behavioural foundation) (Avlonitis and Gounaris, 1999). The philosophical foundation views brand orientation to be embedded in the organisation's thinking and reflected in organisational values and beliefs. Conversely, the behavioural foundation concentrates on the orientation in terms of implemented behaviours and activities. Thus, brand orientation is conceptualised as a multidimensional construct encompassing the organisation's values, beliefs, behaviours and practices towards brands. We propose that brand orientation can be best defined as the degree to which the organisation values brands and its practices are oriented towards building brand capabilities. Such capabilities include using the retail brand as a mark of distinction, a means of satisfying consumer's functional purchase needs, a source of value adding and a symbolic reflection of consumers.

### **Distinctiveness**

Through a review of retail and branding literature it was apparent that brands have the ability to be distinctive, such as acting as a symbol of ownership for legal purposes (de Chernatony and Dall'Olmo Riley, 1998a). This was identified by Goodyear's (1996) early typology work, which refers to the brand as a means of identification and over time as a guarantee of consistency and a shortcut in decision-making. Brands, particularly fashion brands, can also be distinctive enough to be extended to merchandise, new selling mediums and trading formats. Such activities can be referred to as an organisation's distinctive brand capabilities. Distinctive capabilities were based on the identification of critical values and beliefs about the roles brands play in the organisation. These include as a sign of ownership, guarantee, shorthand device, legal protection, logo and resource. Brand researchers consistently refer to these distinctive attributes (Bhat and Reddy, 1998; de Chernatony and Dall'Olmo Riley, 1997a; Goodyear, 1996), which suggests that organisations need to manage their distinguishing capabilities in order to achieve their brand objectives. Moreover, Fernie *et al.* (1997) suggest that fashion brands need to develop their distinctive brand names and, as such, their distinctive capabilities in order to achieve greater market differentiation.

## **Functionality**

Functional capabilities as defined by de Chernatony and Dall'Olmo Riley (1997b), relate to the brand's tangible, rationally assessed performance. Park *et al.* (1986) identify this dimension and refer to it as the extent to which brands satisfy consumers' basic or rational needs. Support for the functional capabilities of brands is also provided by Goodyear (1996), who proposed six stages of brand evolution, and suggested that brand advertising at stage two focuses on rational attributes. In addition, Bhat and Reddy (1998), in an empirical study of brand classifications, applied the label of functionality to the opposite end of a spectrum ending in brand symbolism. Thus, it is evident that the literature is in agreement as to the functional role brands satisfy.

## **Value adding**

McEnally and de Chernatony (1999) suggest this value adding capabilities relate to the satisfaction of consumers' utilitarian value and the provision of enjoyment. Value adding capabilities refer to the critical beliefs and capabilities the organisation employs to add value beyond functional capabilities, through adding features and benefits that differentiate the brand from competitors. The adjectives and phrases associated with value adding capabilities include experiential, communicates, physical, service, quality, experience and values. Literature consistently refers to brands as a means of adding value, which suggests that organisations need to manage their value adding capabilities in order to achieve their brand objectives.

## **Symbolic**

Symbolic capabilities are often referred to in the literature as representational characteristics. The adjectives and phrases pertaining to symbolic capabilities include representational, emotional, self expression, self image, personality, psychic value and icon. Apparel branding has been found to function as a cue to reflect consumers' association with certain groups. Evans (1989) contends that the fashion brand signals the aspirations of the brand wearer. McEnally and de Chernatony (1999) further define these as symbolic capabilities that are highly emotional in nature, such as brands as a personality. Items for both symbolic (reflection of self-expression) and representational (association with social peer groups) factors were incorporated under the symbolic label.

## ***Retail offer advantage and brand orientation***

Empirical evidence of a relationship between brand orientation and retail offer advantage has yet to be established in the retail or general brand literature. It is reasonable to assume, however, that these concepts are related and academic literature makes consistent anecdotal associations between the two. Birtwistle and Freathy (1998) suggest that for fashion retailers to maintain a competitive advantage they need to translate their core values into a coherent brand strategy. Simoes and Dibb (2001) provide support for this proposition by arguing that "in order to enhance their competitiveness, businesses need to establish unique features that distinguish their offerings from those of their competitors" (p. 217). It is therefore proposed that the more brand oriented the organisation the greater its retail offer advantage

because, at the heart of brand orientation, is the pursuit of competitor differentiation and price insulation.

Brand orientation specifically enhances merchandise distinctions and, therefore, a merchandise advantage over competitors. Through the organisation's brand oriented values and practices a merchandise advantage can be achieved by influencing such retail issues as depth and breadth of range, pricing decisions and brand exclusivity. Laura Ashley, for example, is a uniquely recognisable global retail brand representing a gentele English country lifestyle (Helman and de Chernatony, 1999). The unique name is easily identifiable by consumers and influences the style of merchandise offered to consumers. Brand orientation may, therefore, provide a framework for assessing their retail offer advantage in terms of the influence of distinctive and symbolic capabilities on merchandise decisions that reinforce the English country lifestyle brand positioning.

For retailers who are resellers of manufacturer brands, brand orientation can influence suppliers in their choice of distribution outlets for their merchandise. Moreover, distinctive capabilities may influence the retailer's choice of distinctive and exclusive merchandise which fits their brand vision. As an illustration of merchandise advantage, an independent Spanish sports retailer was able to thrive even though their size and location were at a disadvantage relative to major chain competitors. The store targeted prestige consumers and chose to support new brands not readily available and therefore, by offering the latest sporting fashion the retailer achieved a merchandise advantage (Carr, 1999). Highly brand oriented organisations that add value and create symbolic value beyond the functional can also gain a merchandise price advantage by commanding a price premium relative to competitors (Davies, 1992), which is often the case in the couture fashion market.

Brand orientation may enable the retailer to achieve a trading format advantage. For instance, value-adding capabilities can distinguish a retailer from their competitors based on a differentiated store experience. Helman and de Chernatony (1999) suggest that the Gap represents a classic American casual lifestyle. Brand orientation may provide a framework for assessing their advantage in terms of whether symbolic capabilities influence store design decisions and ultimately the advantage achieved relative to competitors. Spangenberg *et al.* (1996) provide some evidence to support this, as it was found that environmental attributes such as perfumed scent can positively influence consumer evaluations and behaviours. Through brand orientation the firm may focus on adding features such as perfumed scents to their store that are valued by customers and re-affirm the brand's personality, which distinguishes it from competitors.

Brand orientation can influence a customer service advantage by influencing staff recruitment procedures. Burghausen and Fan (2002) found that branding shaped the perceptions and attitudes of company directors. Hankinson (2001a) also found that brands help assist staff recruitment by attracting appropriate staff with mutual fit with the brands' values. In addition, brand orientation may provide a framework for assessing retailers' advantage in terms of whether value adding capabilities, for instance, influence staffing levels and the provision of skilled and knowledgeable staff (Birtwistle and Freathy, 1998). The retail industry is characterised by high employee turnover (Sparks, 1992), which can negatively impact on a retailer's ability

to develop a customer service advantage. Those retailers who can minimise staff turnover and retain knowledgeable staff, who fit with the brands values, may create a customer service advantage.

Finally, brand orientation may enable the retailer to achieve a customer communication advantage. Hankinson (2001a) found that the branding process enables organisations to communicate simply and effectively through consistent communication of a set of core values. This approach suggests that all elements of the retail offer will be working in unison, sending the same signals. More specifically, distinctive capabilities may focus communication attention on creating visuals to act as a shortcut in consumer decision making. Distinctive capabilities may provide a basis for explaining Benetton's communication advantage by influencing their choice of advertising messages and mediums which are highly distinctive, at times socially confronting, and therefore uniquely recognisable. Functional capabilities may also encourage advertising to focus on the benefits and attributes of the store relative to competitors. Through symbolic capabilities, communication may focus on establishing a personality for the brand, which is valued by consumers and resistant to competitor replication. Thus, both brand orientation and its specific dimensions can provide a retailer with a customer communication advantage.

It is postulated that the brand orientation concept provides an appropriate theoretical framework to explain variations in fashion retail offer advantage, as depicted in Figure 1. Despite the lack of empirical evidence to support the relationship between brand orientation and retail offer advantage in the fashion sector, the previous discussion and examples do provide a basis upon which a positive relationship can be hypothesised. *H1*. =Brand orientation will have a significant positive relationship with retail offer advantage. Disaggregating this hypothesis to reflect the constituent dimensions of brand orientation leads to the following hypotheses:

*H2*. =Distinctive capabilities will have a significant positive relationship with retail offer advantage.

*H3*. =Functional capabilities will have a significant positive relationship with retail offer advantage.

*H4*. =Value adding capabilities will have a significant positive relationship with retail offer advantage.

*H5*. =Symbolic capabilities will have a significant positive relationship with retail offer advantage.

### ***Methodology***

The sampling frame used in the study was purchased from Dun and Bradstreet and included food, general merchandise, hardware, home furniture/furnishings, electrical, stationery/office products, fashion apparel/accessories and other speciality retailers operating in Australia. The mail survey method was used to collect data from respondents through a formal structured questionnaire. The study adopted the three key principles advocated by Dillman's (1978) total design method: minimise the cost for the respondent, maximise the reward for responding and establish trust (Dillman,

1978; Dillman, 1991). Utilising the key informant method, respondents were senior executives from companies with retail operations in Australia, responsible for strategic planning and strategic brand management.

A useable sample of 336 responses was obtained, yielding a 28 per cent response rate overall. A sub section of this sample was fashion apparel and accessories retailers, who accounted for 18 per cent of the sample (approximately 60 responses) and it is this group that provides the basis for analysis in this paper. In terms of the type of fashion retailers represented in the sample, specialty apparel retailers (73 per cent) and footwear retailers (18 per cent) account for the majority of the sample. The majority of respondents (82 per cent) operated fewer than 30 stores and 60 per cent indicated that they generated a sales volume up to AUD\$9 million, while a further 17 per cent generated \$10-17 million and 12 per cent recorded a sales volume greater than \$50 million.

### **Operationalisation of constructs**

Items from existing literature were grouped according to the common underlying capabilities of brand orientation that they captured leading to four key dimensions labelled distinctive capabilities, functional capabilities, value adding capabilities and symbolic capabilities. The scale for measuring brand orientation was derived from comparable orientation scales (Hankinson, 2002; Narver and Slater, 1990), whereby respondents were asked to indicate the extent to which their business undertakes certain practices. The scale ranged from “not at all” (1) to “to a great extent” (7).

Items for distinctive capabilities were based on the identification of critical values and practices about the role the brand plays for the organisation (i.e. our brand name is easily identified by consumers; our brand name is a guarantee of consistency for our customers). Functional capability items deal with how brands satisfy consumer's basic practical performance needs (i.e. our business differentiates itself from competitors by communicating the functional benefits of the store, e.g. easy to get to, wide range etc.). In regard to value adding capabilities, the adjectives and phrases identified from several studies and conceptual discussions were combined and items generated to reflect brand capabilities which added value and differentiated the organisation beyond functional attributes (i.e. we view our customers' store experience as critical to differentiating our brand from competitors, we have added service attributes to the retail offer to differentiate our brand). The items identified from existing studies were modified to form the basis of the symbolic capability items (i.e. shopping in our store says something about the type of person our customers are; our brand, as a symbol, expresses our customers' personality).

Vida *et al.* (2000) contend that it is appropriate to measure a retailers' offer advantage in relation to typical retail marketing mix items. The elements of the retail offer identified by Vida *et al.* (2000) were not exhaustive so they were combined with those identified by McGoldrick and Blair (1995) and McGoldrick and Ho (1992) to form merchandise, trading format, customer service and communication advantages. The retail offer advantage construct was operationalised using an interval scale. Respondents were asked to indicate their firm's competitive position relative to their closest competitor. The scale ranged from “major disadvantage” (1) to “major advantage” (7).

The reliability of the measurement scales, across the total sample of 336 responses, was found to satisfactorily meeting Nunally's (1978) recommendation, as the Cronbach  $\alpha$ 's for brand orientation (0.7540) and its dimensions were all above 0.7 (distinctive capabilities (0.8793), functional capabilities (0.7951), value adding capabilities (0.8315), and symbolic capabilities (0.8759)). The Cronbach  $\alpha$  for the retail offer dimensions were merchandise (0.6695), trading format (0.8179), customer service (0.7591) and customer communication (0.5447). Exploratory and confirmatory factor analyses were performed and all items significantly loaded on the hypothesised constructs in the hypothesised direction.

### **Research results**

Simple regression analysis was used to test *H1* and multiple regression analysis was used to examine *H2-H5*. Simple regression provides a means of evaluating the predictive ability of brand orientation as a summary construct in terms of retail offer advantage. The use of multiple regression acknowledges that the dimensions of brand orientation may differ in the magnitude of their influence on retail offer advantage in the fashion sector. Thus, the results are presented in two models (see Table I). The results in model 1 indicate that the aggregate brand orientation construct explains approximately 34 per cent of the variance of merchandise, 24 per cent of trading format, 17 per cent of customer service and 8 per cent of customer communication. It is therefore evident that brand orientation, as a summary measure, performs well. It links concepts at conceptual equivalent levels, is parsimonious and appropriate for the level of abstraction needed for a summary measure (Edwards, 2001). Model 2 presents the disaggregated brand orientation construct entered into a series of multiple regression analyses. The results indicate that through disaggregation of the brand orientation construct, the explanatory power, in terms of all four dimensions of retail offer advantage, increased to approximately 48 per cent of the variance of merchandise, 24 per cent of trading format, 39 per cent of customer service and 15 per cent of customer communication. In comparison to model 1, model 2 promotes the greatest degree of specificity, precision, accuracy and greater managerial appeal by addressing the relative importance of each of the brand orientation dimensions in predicting each retail offer advantage.

The results of the multiple regression analysis provide support for *H1*. The results indicate that brand orientation does enhance a fashion retailers merchandise, trading format, customer service and customer communication advantage over its competitors. The results confirm that valuing brands and developing practices that are oriented towards building brands can distinguish fashion retailers from their competitors. Of all the dimensions of retail offer advantage, brand orientation has the most explanatory power in regard to a merchandise advantage, followed by customer service, trading format and customer communication advantages. Brand orientation acts as a compass for the fashion retailers decision-making. This ensures that all elements of the retail offer, from products within the store, the displays and the service offered to the methods of promotion and communication reinforce the brand position.

In terms of *H2*, the results support a significant positive relationship between distinctive capabilities and merchandise advantage only. However, the hypothesis is

actually refuted in the case of customer service advantage, as distinctive capabilities were found to have a significant negative relationship with customer service advantage. Regarding *H3*, the results support a significant positive relationship between functional capabilities and customer service advantage only. Functional capabilities were not found to have a significant positive relationship with merchandise, trading format or customer services advantages. Furthermore, *H4* is supported in relation to a significant positive relationship between value adding capabilities and customer service advantage only. Value adding capabilities were not found to have a significant positive relationship with a merchandise, trading format or customer communications advantages. In terms of *H5*, the results support a significant positive relationship between symbolic capabilities and merchandise advantage only. Symbolic capabilities were not found to have a significant positive relationship with trading format, customer service or customer communication advantages. Thus, all four hypotheses for the brand orientation dimensions are supported, but in terms of different retail offer advantages.

### ***Fashion retail insights***

None of the brand orientation dimensions predict all of the sources of a retail offer advantage. This suggests that fashion retailers must focus on developing each of the four aspects of brand orientation if they are to achieve and sustain an advantage across all four retail offer advantage dimensions.

### **Merchandise advantage**

Where a retailer seeks to drive a merchandise advantage, they need to foster and promote both symbolic and distinctive capabilities through branding. One explanation of the influence of symbolic capabilities on fashion merchandise advantage is that merchandise can become desirable to consumers for emotional reasons. Brands can reflect a consumer's self image or desired image. While this capability is highly intangible, merchandise can be tangible representations of the brand, which consumers are able to wear and display. Furthermore, the non-significant finding in terms of the relationship between functional capabilities and value adding capabilities with a merchandise advantage implies that retailers who are focussed on satisfying consumers' basic needs and looking to add value do not seem to lead to merchandise superiority and may only be achieving merchandise parity.

### **Trading format advantage**

The analysis did not identify any of the separate dimensions of brand orientation to be particularly important in predicting a trading format advantage for fashion retailers. However, as a group they have strong explanatory power. Trading format is intrinsically linked to the consumer's store experience and therefore, adding features and benefits that focus on the provision of enjoyment, as well as the distinctiveness of the brand will provide fashion retailers with a competitive edge. In terms of functional capabilities, a trading format advantage is achieved because the store layout, atmosphere and displays satisfy consumers' basic needs better than competitors. In addition, through fostering distinctive capabilities, trading format advantage is enhanced as the more distinctive the brand the greater the distinctiveness of the trading format. In terms of symbolic capabilities, the trading

format can be used by a retailer to tangibly reflect the brand's personality thereby creating an advantage over competitors when combined with the other dimensions of brand orientation.

### **Customer service advantage**

Value adding capabilities were the most significant predictor of customer service advantage. A customer service advantage can therefore be best achieved through the fashion retailer offering additional levels of in-store and after sales service in order to add value for consumers beyond their basic purchase needs. Apparel and accessories shopping today is considered more than a rational or functional activity and now represents a leisure activity for some consumers. Thus, customer interaction with staff can be seen as paramount to the enjoyment of their shopping experience. The negative association between distinctive capabilities and customer service advantage is an unexpected finding. One possible explanation for this is that fashion retailers may focus less on providing superior customer service when they are highly distinctive in their marketplace. In addition, neither functional nor symbolic capabilities were found to significantly enhance a customer service advantage. This may be because the individual personalities of staff may intervene in the relationship. While a retailer may seek to recruit staff who correspond with the brand's personality, this does not imply that they will provide superior customer service.

### **Customer communication advantage**

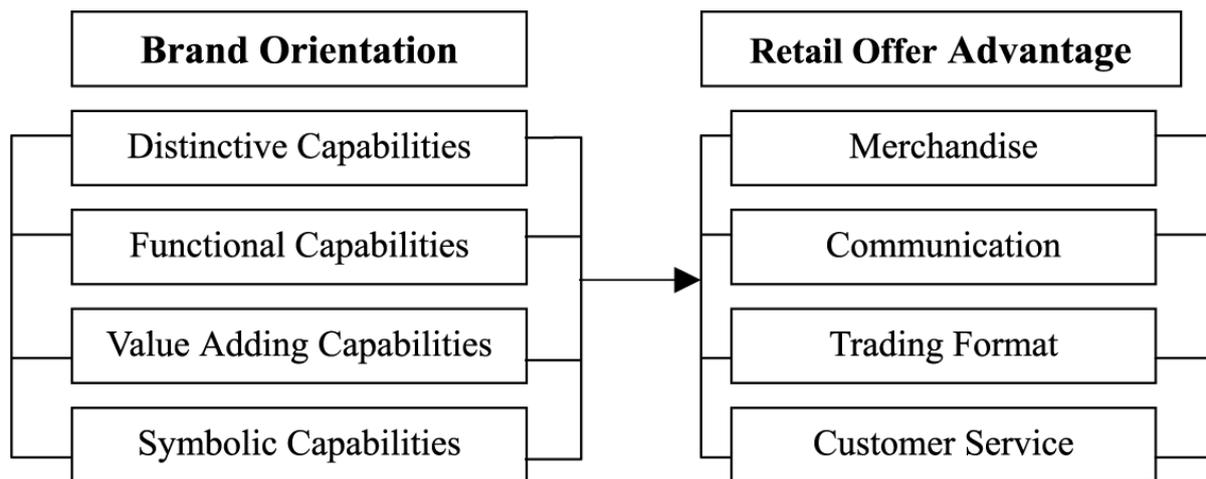
Finally, for a retailer seeking a communication advantage they need to promote functional brand orientated capabilities. Functional capabilities refer to the characteristics of branding which meet customers basic purchase needs. Thus, it can be argued that customer communication strategies that focus on solving customer's purchase problems, provides fashion retailers with an advantage over competitors. Moreover, the results provide some support for Urde (1994) and Hankinson's (2001a) assertions that brand orientation enables firms to synchronise their communication activities and consistently communicate a set of core values to consumers. Such effective communication using assortment and advertising can distinguish a firm from its competitors who may be less focused. Interestingly, value-adding capabilities were not found to influence customer communication and it is therefore possible to suggest that it is difficult to add value through advertising and assortment. Additionally, distinctive and symbolic capabilities were not found to influence customer communication advantage. This is an unexpected finding, as firms often use associations with celebrities, music and imagery in advertisements to reflect the personality of the brand and its distinctiveness. The fact that such techniques do not create a communication advantage for fashion retailers suggests that competitive parity may exist.

### **Conclusion**

As competition increases so to does the need to insulate the retailer from its competitors. Brand orientation is without doubt a critical factor in driving a differential advantage for fashion retailers. This paper demonstrates that brand orientation explains a significant proportion of fashion retailers' advantage over their competitors. It is recognised, however, that a number of issues must be considered

when interpreting the findings of this study. First, while ANOVA's were conducted, no significant differences were detected in terms of retail type or other organisational characteristics, such as sales volume and number of employees. This may be attributed to the sample size and it is acknowledged that a larger sample may have identified differences between retailers operating in the fashion sector. Second, the sample size was too small for us to perform more sophisticated analysis, however, we took care to ensure that the analyses performed were robust.

While the context of this paper is the Australian fashion retail sector it is expected that the conceptual framework and operationalisation would be applicable to a number of other countries and extension into other industry contexts. If fashion retail research is to truly advance it is recommended that other researchers test the antecedents to fashion differentiation. It is acknowledged that brand orientation alone cannot fully explain a fashion retailer's competitive advantage. For instance, a discount retailer may achieve a merchandise advantage from a specific pricing policy, rather than a distinctive or symbolic brand capability. Thus, antecedents such as organisational strategy, resources and other critical capabilities including market, innovation and operational orientation should also be investigated. Further research could also be directed to examining the importance of private label merchandise as a tangible representation of the retail store brand.



**Figure 1** Conceptual model

Table I Brand orientation and retail offer advantage

	Merchandise		Trading format		Customer service		Communication	
	Standardised regression weights	t-values						
<i>Model 1</i>								
Brand orientation	0.580****	5.427	0.491****	4.291	0.410***	3.425	0.286**	2.275
R <sup>2</sup>	0.337		0.241		0.168			0.082
Adj R <sup>2</sup>	0.325		0.228		0.154			0.066
F-ratio	29.456****		18.415****		11.732***		5.176**	
<i>Model 2</i>								
Distinctive capabilities	0.253*	1.972	0.129	0.829	-0.409***	-2.929	-0.032	-0.196
Functional capabilities	-0.095	-0.777	0.043	0.293	0.202	1.518	0.354**	2.254
Value adding capabilities	0.181	1.206	0.277	1.526	0.596***	3.645	-0.004	-0.019
Symbolic capabilities	0.479****	4.583	0.187	1.477	0.165	1.445	0.152	1.132
R <sup>2</sup>	0.484		0.244		0.388		0.147	
Adj R <sup>2</sup>	0.447		0.189		0.344		0.085	
F-ratio	12.910****		4.446***		8.725****		2.369*	

Notes: \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ , \*\*\*\* $p < 0.001$

### Table I Brand orientation and retail offer advantage

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