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Article

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Article

How Market Orientation Impacts Customer's Brand Loyalty and Buying Decisions

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Abstract: As retail management has become increasingly demanding, it is imperative that retailers use market orientation to promote and increase loyalty to their private labels. This can be important in efforts to differentiate themselves from their competition. The focus of this study is to understand how these factors impact the loyalty of customer purchase decisions, through the link between the potential for brand risk and brand commitment, in order to facilitate customer orientation and brand loyalty. An online survey was conducted with a sample of 2900 consumers in Portugal and Spain. This study analyzed two distinct and high involvement product categories: Denomination of Origin (DOC) wine and anti-wrinkle cream. Structural equation modeling methodology was used to analyze the relationship between different constructs. It was found that there is no direct correlation between customer orientation and brand loyalty. However, this connection is critical when the two mediating variables of brand risk and brand commitment are accounted for. Another important finding relates to the values and differences identified between the two product categories. The results obtained show the importance of risk and commitment for high involvement products. In practice, this justifies brands explicitly managing these factors, because they can translate into loyalty behaviors. The results also contribute to demystifying the market for more complex products, particularly when the choice and risk process is more complex.

Keywords: customer orientation; brand risk; brand commitment; private label; brand loyalty; product social value



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1. Introduction

PLMA (2017) defined Private label as all products for which the designation is the same as the point of sale. Furthermore, it also states that these brands are created by the producer's brands; however, three years later, PLMA (2020) redefined it as, "Private labeled products encompass all merchandise sold under a retailer's brand". That brand can be the retailer's own name, or a proprietary brand name created exclusively by that retailer. In some cases, a retailer may belong to a wholesale group that owns the brands that are only available to members of the group. There is a change in focus, as it is no longer vital to mention who the brand belongs to.

Private labels can use your brand designation, or another name created exclusively for its products. In some cases, the point of sale may belong to a distribution chain or a specific business group. Over the years these brands have had several designations that define them; however, they are always hypermarket and supermarket brands, sold only in those same stores (Sutton-Brady et al. 2017). Private brands have been gaining a market share in recent years. It should also be noted that this trend has been noticeable in recent

years, particularly since 2015. Nevertheless, as PLMA noticed (PLMA 2020) “the value share of Private Labels in Europe (28%) declined (−0.5%) in 2021. The progress in 2021 is in significant contrast with the start of 2022. Unforeseen circumstances from an economic and geopolitical point of view, result in the highest inflation seen in decades. Rising food prices across European markets drives Private Label share growth in 14 out of the 18 countries, analyzed by NielsenIQ for YTD 2022”.

In Europe, Portugal (49.6%) and Spain (49.9%) are among the countries with the largest market share deeply driven by perishable foods across both markets.

Private labels provide clients with the opportunity to buy, comparing offers most often with lower prices, without quality being overlooked. For several years, private labels were smaller retail bets that only focused on increasing retailer margins. Today, these brands are a source of great value as they have become increasingly sophisticated and produce high-quality products. In fact, private labels represent the most prominent trend in modern consumption, (Dawes and Nenycz-Thiel 2013; Martinez-Ruiz et al. 2014).

According to Rubio et al. (2017), private labels bet on a diversified offer where they include products from specific categories, such as the product lines tested in this study, (DOC wine and anti-wrinkle cream). On the other hand, Mishra et al. (2020) state that marketing strategies applied to points of sale improve the private label quality perception, decreasing the associated risk. Consumer purchase goals, conscious or not, can be activated according to the brand’s focus on, and ability to be, customer-oriented. For Homburg et al. (2011), customer orientation has become a fundamental concept within the evolution of market perception.

The model proposed in this work is based on Ajzen and Fishbein’s (1972) behavioral theory, which considers customer attitudes and their relational influence on loyalty. We measured the direct and indirect impact of customer orientation on brand loyalty (Slater and Narver 1998; Ha and John 2010). The indirect relationship between customer orientation and brand loyalty is moderated by the brand risk and brand commitment.

The current research was conducted in order to understand the impact that customer orientation and the interrelationship between innovativeness and new service development has on loyalty in the context of private labels.

2. Theoretical Background and Hypotheses

Following the structure presented above and all the relevant literature, we define customer orientation as the first antecedent to customer value creation with a strong impact on the purchasing decision process (Narver and Slater 1990; Kirca et al. 2005; Ismail 2017).

Because retailers are in direct contact with their customers, it is easier for them to gain insight into market influences and preferences, plus trends, and deliver a superior value within their brand’s offers. Previous studies suggested brand loyalty was perceived as a consumer commitment to buy a product/service of the same brand despite marketing efforts, situational influences, and degree of recommendation from others (Kumar and Kumar 2020).

Market orientation is a key construct in the development of brand loyalty (Osuagwu 2019). Cognitive evaluations by customers precede emotions and behavior. When customers realize that the brand is customer oriented, they are more likely to be loyal to that brand. This relationship may be direct or indirect (Ha and John 2010; Homburg et al. 2011; Dursun and Kilic 2017; Smirnova et al. 2018).

Therefore, we propose:

H1. *The greater the retailer’s customer orientation, the greater will be the customer’s private brand loyalty.*

In another perspective, customer orientation is defined by Deshpande and Webster (1993, p. 27) as a “set of believes that puts the customer’s interest first, but it does not exclude stakeholders such as owners, managers, and employees in order to develop a long-term profitable enterprise”.

Customer orientation should focus on a based knowledge marketing strategy as a source of competitive advantage. In this way, a private label knows better its clients and is able to provide a better-quality service and experience with less risk (Zhang et al. 2017; Babakus et al. 2017). In this sense, market orientation also enhances front line employees' creativity and positively impacts in the product development (Balaji 2015; Zhang et al. 2017; Jeng 2018).

Therefore, we propose:

H2. *The greater the retailer's customer orientation, the greater will be the customer's brand risk.*

In addition, the commitment is mainly driven by consumers' experience with the brand and has a strong impact on brand loyalty. Several studies (Mick and Buhl 1992; Kanten et al. 2016) showed customers are committed to the situation of use, experiences lived, and the way the brand fits consumers' lifestyles instead of how effective it is in meeting a specific need or solving a specific problem. There is a positive relationship between customer orientation and brand commitment mostly if noticed through affective dimension (Srivastava and Owens 2010; Balaji and Wei 2016). Eisingerich and Rubera (2010) mention a direct link between customer orientation and brand commitment.

Therefore, we propose:

H3. *The greater the retailer's customer orientation, the greater will be the customer's commitment to the private label.*

Perceived risk is commonly defined as an assessment of uncertainty regarding financial, performance, physical, psychological, and social issues, consequences of a consumption experience (Statt 1997; Solomon et al. 1999). The risk assessment when a consumer is buying a brand is considered before it is acquired (Dowling and Staelin 1994). All of these risk perceptions have substantial behavioral implications and can significantly affect purchasing decisions (Kim et al. 2008). Perceived risk is thus a challenge to retailer's marketing strategies because consumers focus on the potential loss of resources (Salam et al. 2003).

However, information is essential in this process, because inconsistent or discordant information increases uncertainty (Stern et al. 1977). Empirical evidence (Tuu et al. 2011; Hu 2012; Lai-Ming Tam 2012; Marakanon and Panjakajornsak 2014). shows consumers choose brands that they know and feel comfortable with to minimize unnecessary risks incurred (Currás-Pérez et al. 2013). Moreover, if the risk is perceived as low enough to stimulate an initial purchase, loyalty begins to develop, encouraging the consumer to make additional purchases, further reducing risk (Bennett et al. 2005; Flavián and Guinalíu 2006; Petrovici et al. 2022). It becomes evident in the literature that there is a definitive relationship between perceived risk and brand loyalty.

Therefore, we propose:

H4. *The greater the private label brand risk, the greater will be the customer's loyalty.*

Previous research suggests that the commitment concept is a strong factor in the customer process decision (Sargeant and Lee 2004; Raju et al. 2009). Customer commitment is a "customer's desire to maintain a valued relationship with a brand due to previous satisfactory interactions with it" (Hsiao et al. 2015).

Research suggests commitment is a motivation linked to fostering relationships based on brand to achieve long-term benefits. It encourages pro-relational knowledge, motivations, and positive behaviors (Rusbult and Bram 1993; Truong et al. 2017).

Thus, the customer's repurchase intention and loyalty to a brand are affected by their level of brand commitment and a pleasing attitude (Fishbein and Ajzen 1974; Hollebeek and Chen 2014). Commitment also links with other constructs such brand attachment, wherein the customer demonstrates loyalty by purchasing a specific brand repeatedly (Park et al. 2010; Aurier and N'Goala 2010). Dariyoush and Alireza (2021) state that there is a direct and indirect relationship between brand commitment and brand loyalty.

Therefore, we propose:

H5. *The greater a customer's private label commitment, the greater will be the customer's brand loyalty.*

Risk perception is a very personal decision-making process affected by the consumption situations of certain product categories (Sebri and Zaccour 2017).

Research shows (O'Brien and Jones 1995; Vieira et al. 2018) a relationship between a product category's value and brand loyalty behavior. However, the impact of customer orientation on brand loyalty may not be as direct, as suggested by Ha and John (2010). Therefore, the brand risk and brand commitment could be important mediating variables in private label management.

To understand the impact of the product category we used a high involvement condition: the DOC wines tested are associated with customer's social contexts, and with the anti-wrinkle face cream we considered that its performance must match the brand promise and delivery of that promise. Evaluations will be positively or negatively affected when correlated with demographic, socio-economic, and ethno-cultural stereotypes of the sample used.

Therefore, we propose:

H6. *The product category will moderate the strength of mediated relationships between market orientation and brand loyalty, namely that of brand risk (H6a) and brand commitment (H6b), in such a way that the mediated relationship will be deeper in a high-involvement product category, as opposed to a low involvement product category.*

Based on the literature review, we propose the following model (Figure 1):

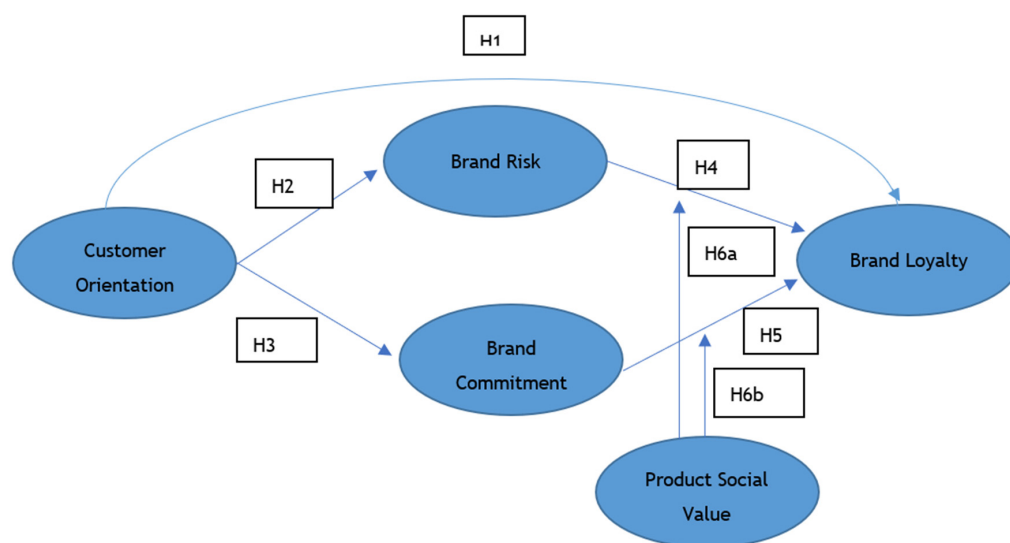


Figure 1. Research Model.

3. Methodology

Structural Equation Modeling (SEM) is a quantitative research analysis technique in which a multivariate model is used to measure structural relationships between both measured and latent variables. Given the characteristics and objectives of the study, we consider SEM to be the best-suited methodology.

According to Steenkamp and Baumgartner (2000), we believe that SEM is a research approach guided by principles that are of theoretical and practical value for any model development. We believe that SEM is an appropriate research approach guided by considering factors that have high theoretical and managerial value, leading them to become models. It represents a philosophy that differs significantly from that typically followed in marketing modelling (Bagozzi and Yi 1988). Marketing is composed of a set of processes; in this process, testing the theory is necessary to develop valid marketing models. Many, if not most, scientific research related, for example, to perceived benefits, attitudes, brand value, customer satisfaction, and market orientation, are composed of variables that cannot

be observed directly. They can only be measured using metrics or observable indicators that vary in degree of significance and observational validity. In this sense, SEM's uncompromising focus on the operationalization of constructs is probably the most distinctive feature and the greatest contribution to science in the marketing area. On the other hand, models are always simplified representations of reality. Therefore, based on a literature review and seeking to find new connections, we propose this model. In other words, the estimation techniques used in SEM try to minimize a function that depends on the differences between the variations and covariance implicit in the model and the observed variations and covariance. Compared to other modelling techniques, SEM is more focused on explaining marketing phenomena than predicting specific outcome variables.

The convergent validity and reliability of the scale were assessed with confirmatory factor analysis, following the guidelines of [Anderson and Gerbing \(1988\)](#). Convergent validity analyzes the common variation shared between the items and the latent construct ([Boley et al. 2018](#)). To establish convergent validity, the factor coefficients of the variables must be significant and greater than the minimum limit value of 0.5 ([Hair et al. 2014](#)).

3.1. Sample

This research focuses on three brands—two brands in Portugal, and one brand in Spain—to examine the same product categories (Table 1) with different degrees of social value. The study used a database of e-mail addresses from residents in Portugal and Spain to contact survey respondents. Table 1 Products and Markets tested.

Table 1. Products by Markets.

Product	Portugal	Spain
Anti-wrinkle facial cream for women	X	
Anti-wrinkle facial cream for men	X	
Anti-wrinkle facial cream for women		X
Anti-wrinkle facial cream for men		X
DOC Douro Wine Reserve 2010	X	
DOC Wine 2010		X

In our sample, there were more responses from Portugal (60.55%) than from Spain (39.45%)—Portuguese and Spanish email databases were similar in size so there was a higher response rate from Portuguese customers.

The questionnaires were distributed to 91,394 individuals in total. The e-mails were sent via the online service provider, Mandrill; 2900 valid answers were received (Table 2).

Table 2. Sample description.

Valid Sample	2900
35–54 years old	65.7%
Graduate degree or higher	73.3%

3.2. Scales Used in Model

In our research design, we used previously validated scales to measure their strength/intensity on a seven-point Likert scale (1 = totally disagree; 7 = totally agree). Customer Orientation scale was measured using nine items adapted from [Homburg et al. \(2011\)](#). The brand risk scale was measured using three items adapted from [Eckert et al. \(2012\)](#) to analyze the perception of risk evaluation and the degree of comfort when the consumer chooses a brand. Brand Commitment was measured using three items adapted from [Raju et al. \(2009\)](#) to evaluate consumer's choice behavior when the brand is available/unavailable and check if there is a real preference in the buying process. Finally, Brand Loyalty was measured using the 14 items adapted from [Zehir et al. \(2011\)](#).

Psychometric Characteristics of the Scales

Table 3—Descriptive Statistics: The table shows that Customer Orientation is 4.25 on a Likert Scale of 1 to 7. This can be considered a relatively low value, because Brand Risk is 5.33 on the same scale. Standard deviation is greater than 1 for all variables. The lowest value of Coefficient Variable is 2.16 and the highest is 3.06.

Table 3. Descriptive Statistics.

	Mean	Standard Deviation	Coefficient of Variation
Customer Orientation	4.25	1.305–1.855	2.72
Brand Risk	5.33	1.365–1.530	2.16
Brand Commitment	4.43	1.712–1.770	3.06
Brand Loyalty	4.89	1.366–1.965	2.57

Table 4 shows the values related to the correlation between the different variables. There are moderate levels of correlation in the variables tested. Regarding the coefficient of variation, the lowest value of the Coefficient Variable is Brand Risk (CV = 2.16), and the highest is Brand Commitment (CV = 3.06).

Table 4. Correlation.

		Customer Orientation	Brand Risk	Brand Commitment	Brand Loyalty
Customer Orientation	Pearson correlation coefficient	1	0.269 **	0.192 **	0.650 **
	Sig.		0.000	0.000	0.000
Brand Risk	Pearson correlation coefficient	0.269 **	1	0.603 **	0.861 **
	Sig.	0.000		0.000	0.000
Brand Commitment	Pearson correlation coefficient	0.192 **	0.603 **	1	0.758 **
	Sig.	0.000	0.000		0.000
Brand Loyalty	Pearson correlation coefficient	0.650 **	0.861 **	0.758 **	1
	Sig.	0.000	0.000	0.000	

** The correlation is significant at the 0.01% level.

One of the simplest procedures to test whether or not CMB exists in the analyzed dataset is using two different tests (Aguirre-Urreta and Hu 2019).

The results of the Harman one-factor test (Podsakoff and Organ 1986) showed that a single general factor did not account for most variance in an exploratory factor analysis (only 30.33%). This indicates that the presence of common method variance was unlikely to be significant. In the second test, based on the approach of Podsakoff et al. (2003), a model with all the observed variables loading on one factor was re-estimated. The results were unacceptable (Chi-square = 4.409; df = 365; RMSEA = 0.109; CFI: 0.850; IFI = 0.850; TLI = 0.833; LO = 0.104; HI = 0.115); Hair et al. (2014) suggests that RMSEA values below 0.08 are considered acceptable. This suggested removal of some items from the measurement model (Table 5).

Table 5. Items removed from the measure model.

Customer Orientation
The Private Label asks its customers about their specific needs
The Private Label builds its product/service offerings based on the benefits they generate for their customers
The Private Label seeks to know from its customers why they buy their products
The Private Label seeks to know why its customers do not choose products of its brand
Brand Risk
I feel that whatever I bought from the company, it would perform well
Brand Commitment
I will more likely purchase a brand that is on sale than not
Brand Loyalty
I intend to buy this brand in the near future
I want to buy other products of the Private Label
In the category of product, the Private Label brand is my first choice
I am willing to pay a higher price to buy Private Label products
I will only consider buying Private Label product if the price is low enough
I speak positively about the Private Label product
I consider the Private Label product to be my first choice in the next few years
The Private Label brand offers products that I am looking for
I always win when I buy Private Label brand products

4. Analysis and Results

Taking [Byrne \(2010\)](#) as a principle, we tested for Mardia's coefficient and found that it exceeded 294,502, which implies that the data may not be normally distributed. Following the recommendations by [Nevitt and Hancock \(2001\)](#), we made a Bollen-Stine bootstrap (B-S) on 2900 samples, to adjust the model.

Convergent validity and scale reliability were assessed using Confirmatory Factor Analysis (CFA), following the guidelines of [Anderson and Gerbing \(1988\)](#). Convergent validity examines how much common variance is shared between the items and the latent construct ([Boley et al. 2018](#)). The results are within conventional cut-off values ([Vandenberg and Lance 2000](#)), so the model was deemed acceptable. All constructs showed acceptable levels of composite reliability. The extracted variance considerably exceeded the levels of 0.60 and 0.50, as recommended by [Bagozzi and Yi \(1988\)](#). To assess convergent validity, we examined the standardized factor loadings. All items load on their specified latent variables, and each loading is large and significant, thus indicating convergent validity ([Anderson and Gerbing 1988](#); [Hair et al. 2014](#)). Therefore, to analyze the convergent validity we used the criterion of [Fornell and Larcker \(1981\)](#), so we could analyze the degree of confidence we had that a trait was well measured by its indicators (see [Table 6](#)).

So, regarding the confirmatory factor analysis, more precisely the convergent validity, our estimations related to Customer Orientation (0.528 and 0.903), Brand Risk (0.878 and 0.962), Brand Commitment (0.804 and 0.964), and Brand Loyalty (0.764 and 0.872) are acceptable.

To analyze the degree of flexibility of the variations used in this study, we measured Cronbach's Alpha, and the results were quite satisfactory for Customer Orientation ($\alpha = 0.869$), Brand Risk ($\alpha = 0.900$), Brand Commitment ($\alpha = 0.574$), and Brand Loyalty ($\alpha = 0.910$), considering the reference value of 1.

Table 6. Confirmatory Factor Analysis: convergent validity.

Customer Orientation	Estimate
The Private Label asks its customers about their specific needs	0.528
The Private Label seeks to provide relevant information to its customers.	0.722
The Private Label builds its product/service offerings	0.887
The Private Label adapts its sales policies to the interests of its customers.	0.903
The main offers of the Private Label seek to respond to the particularities desired by its customers.	0.848
Brand Risk	
I am sure about the Private Label.	0.962
I know enough to feel comfortable with using the Private Label.	0.878
Brand Commitment	0.953
If the Private Label were not available at the store, it would make little difference to me if I had to choose another brand.	0.804
I can see myself as being loyal to the Private Label.	0.964
Brand Loyalty	
I recommend Private Label product whenever they ask for my opinion	0.846
The publicity I see on competing brands of Private Label product does not change my purchasing decision.	0.872
I will continue to be a loyal customer of Private Label product.	0.764
Next time I buy the product, I will buy from the Private Label brand.	0.871
I intend to recommend the Private Label product to other people/friends;	0.858
MODEL FIT SUMMARY	
Chi-square = 11,999; df = 66; $p = 0.000$	
CFI = 0.979; IFI = 0.979; TLI = 0.971	
RMSEA = 0.062; LO = 0.058; HI = 0.065	

These results suggest that common method bias was not a problem in this study.

To assess discriminant validity, we observed construct inter-correlations, and the results show that they were significantly different from 1. Furthermore, the shared variance between any two constructs (square of their inter-correlations) was less than the average variance extracted, as shown in Table 7. To further confirm discriminant validity, the confidence intervals were analyzed (Table 8).

Table 7. Composite reliability and discriminant validity.

	CR	AVE	Brand Commitment	Customer Orientation	Brand Risk	Brand Loyalty
Brand Commitment	0.880	0.788	0.888			
Customer Orientation	0.889	0.624	0.188	0.790		
Brand Risk	0.918	0.848	0.591	0.262	0.921	
Brand Loyalty	0.925	0.711	0.763	0.242	0.855	0.843

Note. No squared correlations failed the Average Variance Extracted (AVE) test of discriminant validity. $p < 0.05$, $p < 0.01$.

Table 8. Interval Confidence.

	CI
CO-BRISK	0.084–0.120
CO-BCOM	0.060–0.096
CO-BLOY	0.077–0.113
BRISK-BLOY	0.144–0.164
BCOM-BLOY	0.134–0.158

Hypothesis Testing: SEM Analyses

We conducted a SEM analysis to test our hypotheses. The variable abbreviations used are as follows: customer orientation, brand risk, brand commitment, brand loyalty. The comparison between the goodness-of-fit and the parsimony of the three alternative models shows that the most parsimonious model that best fits our data is the total mediation model (Table 9).

Table 9. Mediation Models.

	Chi-Square
Without mediation	4271.008 df = 804
Partial mediation	2605.183 df = 795
Total mediation	2597.020 df = 792

We do not find support for H1 (-0.074 ; $p < 0.001$), which means that the direct relationship between customer orientation and brand loyalty is negative, but the indirect relationship was supported (0.723 ; $p < 0.001$), as shown in Table 10. We found support for all other hypotheses.

Table 10. Model fit summary and estimates.

Hypothesis	Relationships	Standardized Regression Weights	Test	CI
H1	CO-LOY	-0.074	Not Supported	0.551–0.895
H1 Indirect effects	CO-LOY INDIRECT	0.723^{***}	Supported	
H2	CO-RISK	0.649^{***}	Supported	0.573–0.961
H4	RISK-LOY	0.587^{***}	Supported	0.540–0.900
H3	CO-COM	0.539^{***}	Supported	0.521–0.953
H5	COM-LOY	0.472^{***}	Supported	0.395–0.607
MODEL FIT SUMMARY				
Chi-square = 3176, df = 789				
CFI = 0.917; IFI = 0.917; TLI = 0.905; NFI = 0.884				
RMSEA = 0.050				

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$; ns = not significant.

The effect of the product social value was tested by comparing the goodness-of-fit for each regression. The model with the free parameter for each product category was compared to the model with the parameter restricted to an identity between social value. The fit of the model is supported in each of the categories, anti-wrinkle cream and DOC wine independently, as well as for both categories together. This analysis supported the moderation effect of (H6a) Brand Risk on Brand Loyalty and that of (H6b) Brand Commitment on Brand Loyalty for the anti-wrinkle cream category. A less significant effect was found for the category DOC wine, (H6a) Brand Risk on Brand Loyalty, and (H6b) Brand Commitment on Brand Loyalty. Thereby, it should be noted that the moderating

effect of the anti-wrinkle cream category and the DOC wine category is significant, but when the anti-wrinkle cream category is considered on its own, the moderating effect is stronger (Table 11).

Table 11. Moderation mediation model.

HYP	Relationships	Standardized Regression Weights Cream	Standardized Regression Weights Wine	Test
H6a	Moderate category RISK-LOY	0.727	0.664	Supported $p = 0.000$
H6b	Moderate category COM-LOY	0.541	0.461	Supported $p = 0.000$

5. Discussion

The main contribution of this study lies in its consideration of the customer orientation of the retail chain as a precursor to brand loyalty in a causal sequence, mediated by the risk and commitment that private label brands bring about in their customers. With this research, we prove that there is no direct correlation between customer orientation and brand loyalty, and that it is verified as an indirect relationship. This effect could only be explained once the mediating effects of brand risk and brand commitment were explored. In the context of private labels, the results obtained confirm this relationship.

In fact, customer orientation allows for a direct relationship between the brand and its consumers, if this relationship is worked out strategically, it can then become increasingly closer (Hasan and Habib 2017). In this sense, the more the consumer perceives that the brand is geared towards them, the greater the impact it will have on their behaviors, namely the level of brand loyalty generation. However, this relationship may not be direct, but indirect, as suggested by Ha and John (2010). According to some authors, customer orientation allows reduction of the perception of risk and generates loyalty, and this relationship between the perceived risk and the brand loyalty is also supported by several authors (Hu 2012; Lai-Ming Tam 2012; Marakanon and Panjakajornsak 2014).

Another fundamental variable in this study is brand commitment; there is a direct relationship between customer orientation and brand commitment (Eisingerich and Rubera 2010). The direct relationship between brand commitment and brand loyalty is also supported by Dariyoush and Alireza (2021). Another important factor in this study is related to the value and its relevance in buying behaviors, in which the value (in the product categories) is relevant to the generation of brand loyalty (O'Brien and Jones 1995). Value perception and customer loyalty have a direct link and impact (Vieira et al. 2018).

In order to carry out this study, products were selected based on their characteristics. The selected product categories were DOC quality wines and anti-wrinkle cream. Another important factor in these studies is related to the moderating effect of the selected categories, leading to a conclusion based on mediating effect, brand risk, and brand commitment, which is based on the results demonstrated with the DOC wine and anti-wrinkle cream products.

6. Conclusions

The results show the adequacy of several relationships among marketing assumptions in the context of private/proprietary labels. Here, we share some inputs and implications. This work contributes to the literature on brand management by shedding new light on the customer behavior of private label brands. In practice, we observed that customer orientation is increasingly used in brand management decision making, particularly by the use of private labels.

Customer orientation is the main variable in this study, allowing us to better understand the extent to which customer orientation has an impact and exerts influence through

consumer behavior in order to generate behaviors of brand loyalty. Hence and considering the first hypothesis, to measure the impact of customer orientation on brand loyalty, it was found that this relationship exists, but it is indirect.

Brand loyalty is not only perceived as a repeat purchase, but as an attitude towards the brand itself, which at its limit generates behavior, not automatic behavior, but conscious behavior in which the choice made by the consumer is effectively the best choice, i.e., the brand cares about its image and its well-being.

Results also suggest the perception of brand policy and how much it is oriented and concerned with itself; however, this relationship is only perceived if the risk of purchase is low, and the brand inspires an attitude of commitment and customer loyalty. Thus, the indirect relationship is confirmed.

Finally, and through the selected product categories, we intend to validate that product categories tested with high involvement are also those associated with a perception of high value.

In conclusion, the results of this study show how customer orientation impacts on the consumer's long relationship with the private label, being a strategic core factor, from a brand management point of view. Thereby, the mediating role of brand risk and brand commitment is both refined and clarified. It also shows the critical nature of considering the product categories in the context of private label brands, which should be considered by researchers and practitioners when they are working on topics related with these factors, to gain higher levels of customer loyalty.

Where managerial implications are concerned, this research delivers several relevant insights for brand managers, in particular to those who work with private labels. We exhibit how important the consumer perception of retailers' customer orientation really is, and the impact this has on the buying behaviors of the consumer.

Nevertheless, results suggest that brands should remain focused on minimizing the perception of risk that consumers feel when making purchasing decisions, as well as implementing strategies that allow consumers to have a closer connection to the brand. This connection is only possible through a commitment, a feeling of belonging to the brand, and only if it can generate loyalty.

Nevertheless, we need to notice some limitations in our study; foremost, the cultural similarity of buying behavior's between Portugal and Spain. Future research needs to use data from other countries as well using a comparative study with a different sample size and socio-demographic characteristics.

Another suggestion would be to conduct a longitudinal study to capture the change in behavior and perceive how relationships could be modified over time. Furthermore, an applicable theory linking the open innovation and market orientation was developed, supported by several models and proposals. In this line, with implications for theory and practice, our study suggests several promising issues for future research on the positive impacts between open innovation and market orientation.

Future research must also focus on the relationship between open innovation and the degree of market orientation that encourages constant processes of innovation that lead to the insight of higher customer value.

Finally, we suggest testing the impact of incremental innovation to understand how the perception of retailer innovativeness can generate a greater market orientation and stronger loyalty to the reputation of the private label.

In fact, market-driven companies develop distinguishing outside-in/out crossing skills that encourage the matching and incorporation of internal resources with external associates. In this framework, open innovations arise as a strategic driver to preserve and expand their competitiveness.

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