CHAPTER 2: REVIEW OF EXISTING LITERATURE

In order to identify the thrust of work done in the marketing of private label brands, a review of existing literature was undertaken. A few selected studies are reported below.

**Rucheera Gumber (2006)** focused on the different strategic tools being used by retailers. A private label is a strategic tool, which helps retailers redefine their offering to the consumer in the light of competition, consumer need gaps, and the retailer costs. Private label brands are also a strategic tool to attract and retain customers. According to her, retailers can increase the sales volume of private label products by positioning a private label as one, which provides a higher perceived value. Indian retailers are just beginning to realise the power of private label brands. She recommends that retailers can capitalize on low brand penetration in certain categories to launch a private label.

The **AC Nielsen Online Consumer Opinion Survey (2004)** polled over 21,100 respondents in 38 markets from Europe, Asia Pacific, North America, Latin America, and South Africa. The study asked consumers, what they thought about supermarket own brands as an alternative to other brands in terms of their quality, value for money, packaging and positioning. This study, for the first time, tells retailers what consumers think of private labels and offers them a good starting point to chalk out future strategies.

**John Stanley** opines that the time for selling product has gone; it’s now a brand issue. According to him, in Europe private labels, those generated by the retailer have now become a dominant issue. On an average, 45% of products sold in Europe are sold via private label, this compares with 25% in the USA.

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43 www.ksa-technopak.com/retail_summit/brochure.pdf “Privately Yours” as on 4.8.06
45 Stanley John, The Future of Private Labels”, retailindustry.about.com as on 3.7.06
Overall private labels are used to provide products with a lower price. In Europe, these prices can be 10-18% cheaper; whilst in the USA some private label products are 25% cheaper than the brand leader. According to him, the general feeling is that in times of recession, private labels increase their market share, but tend to maintain that market share as economies recover. He predicts that private labelling will continue to grow and in Europe especially, will become international. Discount stores will develop their own private labels at the expense of branded products. Apart from price driven private labels, the up market labels will develop. The private label will continue to compete with brand leaders and pose threats to a branded product that is not a market leader.

Carlton Dennis W and Perloff M Jeffrey found In a Gallup Poll (2001)\(^{46}\) that nearly 80 percent of people who try a product with a store-brand label become repeat buyers. Typically the store-brand buyer is a better-educated, affluent person who reads and understands the labels. The Poll indicates that 40 percent of shoppers shop selectively: They do not just choose the national brand, but compare products on a variety of dimensions (quality, price, and special offers) before making a decision.

In another nationwide study by Gallup organization (2005)\(^{47}\) 75% of consumers defined private label brands as "brands" and ascribed to them the same degree of positive product qualities and characteristics - such as guarantee of satisfaction, packaging, value, taste and performance - that they attribute to national brands. Moreover, more than 90% of all consumers polled were familiar with private label brands, and 83% said that they purchase these products on a regular basis. According to the study whether a private label brand carries the retailer’s own name or is part of a wholesaler's private label program, private label brands give retailers a way to differentiate themselves

\(^{46}\) Carlton Dennis W and Perloff M Jeffrey Gallup poll 2001 as on 5.7.06
from the competition. Private label brands enhance the retailer's image and strengthen its relationship with consumers. Retailers know that consumers can buy a national brand anywhere, but they can only buy their private label brand at their stores.

**Meyers Research Centre (2001)** conducted in ten locations nationwide, "double blind" taste tests for the Private Label Manufacturers Association. Approximately 300 consumers nationwide made the nearly 1,800 "preferred taste" decisions among products. While one-third of those surveyed said they buy private label brands in their supermarkets "always" or "often," fully eight out of 10 participants said they "regularly" buy national brands. The survey showed that by a 51% to 49% margin, consumers say they now prefer the taste of the private label product to the national brand version in 12 popular categories.

A "test" of suburban New Jersey consumers conducted by **Steve John (2000)** found the consumers "had a difficult time determining which is the private label brand and which is the national brand". "It demonstrates how private label is leading a revolution not only in the way consumers shop today, but also how retailers are now stocking their stores in response to their changing demands.

**Rajiv Lal (1994)** states that when a shopper goes into Marks & Spencer or Sainsbury's in London looking for a new store-brand umbrella, he knows he's going to walk out with a good-value, high-quality product. But the same is not true in France or the United States. His research found that one of the main retailing differences between the U.K. and the United States is that American retailers try to offer products to a broader spectrum of consumers than is the

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48 Meyers Research Centre (2001) www. advance.uconn.edu/ as on 10.8.06,
case in the U.K. They have been expanding their inventory to sell as many products as possible with the purpose of getting people in for some reason. Once they're there, the mentality goes, they'll buy other things. He concludes that "It is a consumer's perception of a high-quality private label brand that opens up the possibility for differentiation, loyalty, and profitability". "The consequence of this store-brand strategy is not good for the manufacturer since it enhances the power of the retailer.

According to a research for **Market Assessment (2001)**\(^{51}\) conducted by NOP (New Jersey) the attitude to own-label products varies significantly according to product category. Amongst lower-value items, consumers are happy to choose own-label products where there is no discernible difference between retailer and manufacturer brands. At the higher end of the market, penetration varies depending on factors such as age, social background and geographical location.

According to **Gabrielsen, and Sørgard, (1999)**\(^{52}\) “Private label brand,” “consumer brand,” “private label”– whatever name you choose the entity can be powerful. Retail globalization certainly is increasing the reach of private label products, and sophisticated supplier development means local players worldwide are developing rapidly. For many mid-market retailers, the entry price-point of private label brands help them to build sales from the discounters, and premium private label brands have attracted sales from specialist delicatessens and niche players. The customer ultimately extends the breadth of the private label products purchased.

\(^{51}\) NOP poll, new jersey[www.marketresearch.com/map/prod/434303.html](http://www.marketresearch.com/map/prod/434303.html) - 16k as on 15.6.06

\(^{52}\) Gabrielsen, T. S., and Sørgard. L. “Private labels icing or Cake, Price Rivalry and Public Policy.” *Paper presented at the 5th INRA-IDÉI Conference.[www.retailasia.org](http://www.retailasia.org) as on 2.9.06*
In the words of Putsis (2000)\textsuperscript{53} “From private label to brand owner –it is a quantum leap extension. The development of private label is an indicator of the changing relationship between brand owner and distributor. In the UK, the average market share of private label is 42% with sales estimated at £61.1 billion in 2003. Own brand ready meals have a 71% market share. According to him, private label tends, tend to be popular in commodity-type categories where there is less opportunity for differentiation. With distribution guaranteed, the main limit to growth for these private labels and sub-brands is the number of outlets their retailer owners can open. Because of the interest from own-label manufacturers looking for growth by exploring licensing opportunities, a licensing strategy is an essential requirement for today’s brand managers.

With a sample size of 25000 respondents IGD Consumer Research (2003)\textsuperscript{54} studies consumer perception about store brands for groceries. The research provided the definition and development of retailers brand, shopper’s perception of brand, strategies of key retailers, including Asda, Tesco, Sainsbury. It offered advice on how to make shoppers purchase more of own brand goods. Shoppers are increasingly exposed to new innovations from retailer brands. According to the study the major factor that would make a shopper buy more would be better value, high standards and healthy ambience. The major reasons for purchasing store brands in groceries are lower price; better value than branded ones and quality same as branded one.

The IGD Consumer Research (2002)\textsuperscript{55} explains the factors that give customers good value. The study specifies that if benefits are greater than the sacrifice made, consumers achieve good value. It concludes that shoppers require quality, lowest price and high standard of customer service from

\textsuperscript{54} www.igd.com
\textsuperscript{55}www.igd.com/CIR.asp?menuid=18&cirid=1745 - 41k as on 12.9.06
retailers. Other elements which shoppers want their retailer to provide include choice, brands they know promotions, a nice shopping environment and good parking facilities. All these factors are in favour of store brands. With the emergence of strong retailers the retailer’s own branded product (or service), will also emerge as a major factor in the marketplace. The study found that where the retailer has a particularly strong identity (such as Marks & Spencer in clothing) this ‘own brand’ may be able to compete against even the strongest brand leaders, and may dominate those markets which are not otherwise strongly branded.

According to G Krishnamurthy (2006)\textsuperscript{56} organised retail formats across the country finally seem to be working in India. While most chains have reported profits this year, expansion continues but without the trail of losses. For each chain, however, the story is different.

The biggest turnaround story is that of Shoppers' Stop. The chain, which had reported a marginal cash profit during the last fiscal after making huge losses in the preceding years, has made a turnaround with a profit before tax of Rs 10.2 crore for the year ending March 31, 2003. Apart from making external changes like improving the quality of its product mix, Shoppers' Stop has also looked internally and introduced training programmes like Jo Jeeta Wohi Sikandar, a motivational scheme for its employees. Likewise, Trent broke even last year with profits amounting to Rs 16 lakh. Plugging the gaps in its offerings, Westside, which sources its wares directly from manufacturers, has been focusing more on the women's segment and has specifically taken care of having big sizes through its Gia brand of clothing.

KSA Technopak (2003)\textsuperscript{57} in association with ORG- MARG conducted a study on consumer attitude towards shopping. The study was spread over four

\textsuperscript{56} Krishnamurthy G, June (2006) At Last Retail Wags”. Business Today pp 110-112

zones of India viz. North, South, West and East. It covered a random sample of 7300 respondents in twelve cities. It reflects that buying patterns vary according to the customs and lifestyle of a region. In the south approximately seven hours are spent on shopping per week. This figure is the highest amongst the four zones this probably explains the spurt of new malls and supermarkets in the south than in the other zones.

Further, the study has attempted to find out what a customer expects out of a store. Here, the six attributes desired by most number of people (65% and above) are polite and courteous salespeople, good quality of products, non-intrusive sales persons, value for money, attractive display and range of products. Although desired by a very low percentage of people (only 10%) yet the attribute of an entertainment centre for children has figured in. There is also emphasis on scheme and promotion to pull customers. Further the trend is towards more convenience and flexibility in terms of exchange / returns policies, which play a vital role in encouraging the purchase.

India represents the most compelling international investment opportunity for mass merchant and food retailers looking to expand overseas; according to AT Kearney’s Global retail development index (2005)\(^{58}\) conducted an annual study of retail investment attractiveness among 30 emerging markets. The study found that countries in the top third of the annual index experience retail sales growth rates twice as high as countries in the bottom of the index, indicating retailers should pay particular attention to entering these markets early.

According to the study India moved from second place to first in the 2005 index, displacing Russia, which had held the top spot since 2003. The country’s retail market totals $330 billion, is vastly underserved and has grown by 10 percent on average over the past five years. It is also one of the most fragmented retail markets in the world -- the combined market share of the top

\(^{58}\) WWW.ATKearney.com
five retailers totals less than two percent. Kearney anticipates that global retailers such as Wal-Mart, Carrefour, Tesco and Casino will rapidly take advantage of the more favourable FDI rules and enter India through partnerships with local retailers. Other retailers such as Marks & Spencer and Benetton Group who are currently operating through a franchise model will most likely switch to a hybrid ownership structure. Combating the moves of global retailers, leading Indian retailers such as Pantaloon, Westside and Big Bazaar will look to increase scale and enhance logistics and supporting technology.

The article **Private Label Expansion and supermarket milk prices** 59 investigates the impacts of Private labels (PLs) on fluid milk prices and price differentials using 2,759 supermarket-level observations from 10 cities. Non-parametric results reveal that although PL milk prices decrease as PL milk shares expand, eventually the effect is to increase the prices of manufacturers’ brands as well as the price gap between private labels and manufacturers’ brands. Econometric results further reveal that supermarkets exert some degree of price discrimination through controlling the brands of milk sold.

**Conor and Peterson [1992]**60 this paper estimates the relationships between market structure and the Lerner index of monopoly constructed from price data on processed food products sold through grocery stores. A theoretical model of a differentiated oligopoly specifies two determinants of price-cost margins: the Herfindahl-Hirschman index of seller concentration adjusted for the elasticity of demand and the industry advertising-to-sales ratio. The results indicate that the three principal determinants of price-cost margin variation, in order of their impacts, are: advertising intensity, elasticity of demand, and

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concentration. Previous structure-performance studies that did not incorporate the elasticity of demand were probably misspecified.

The study Retailer brands - heaven or hell, opportunity or threat (2005) 61 investigates from four angles why retail brands are growing. Employing panel and adhoc information collected on some 2,000 categories in 33 countries, the authors uncover reasons for different private label success rates between countries, categories, consumer segments and retailers. Results provide a comprehensive account on whether and why certain categories, and thus its key players, need to worry about retail brands. They show how organizations can use this understanding in developing effective counter strategies, both by improving the consumer equity created by its brands and by effectively cooperating with their new competition, the retailers.

Marcel Corstjens and Rajiv Lal (2000)\textsuperscript{62} show that quality store brands can be an instrument for retailers to generate store differentiation, loyalty and profitability, even when the store brand does not have a margin advantage over the national brand. It is further suggested that there is a complementary relationship between store brands and national brands. The former create store differentiation and loyalty, whilst the latter enable the retailer to raise prices and increase store profitability. Household scanner panel data provides empirical support for the thesis.

The study by Tulin Erdem, Ying Zhao and Ana Valenzuela(2004)\textsuperscript{63}, presents an empirical study of consumer choice behaviour with respect to store brands in the USA, the UK and Spain, based on scanner-panel data on laundry detergent, toilet paper and margarine. The authors suggest that consumer

\textsuperscript{61} Oliver Koll and Richard Herbert April 2005, ESOMAR, Retail Conference, Budapest.


learning and perceived risk, plus price and quality, contribute to differences in the relative success of store brands in the countries studied.

**Article by Helen Passingham-Hughes**[^64], managing director of TNS's Asian panel network, reports on the size and growth of the private label fmcg sector in 48 countries. Worldwide private label is growing, though there are vast differences in penetration depending on retail structure, culture and geography. She comments on how manufacturers can fight back to regain lost volume or impede private label's progress.

This paper demonstrates that branding matters. While this seems to state the obvious, in the context of low involvement categories that are retailer brands strongholds this might be quite provocative. In some low involvement categories, retailer brands volume share is not far from reaching 80% in some European countries. Still data show that for premium brands what really matters are their capacity to offer distinctive yet relevant consumer benefits. Evidence for branding power, even in low involvement categories, could be found in research run independently with consumers and shoppers. This paper calls for a shift of focus from blaming categories for being low involvement to blaming our own limitations in terms of capacity to create strong brands, recognizing the category low involvement difficulty. Brands that would be tempted to mimic retailer brands can only push down the involvement level of their categories degrading category value and ultimately allowing historical price players to win even more easily. Leaving the low involvement categories to retailer brands can easily backfire. This will fuel their capacity to enter later on categories that have higher level of involvement.

[^64]: Helen Passingham-Hughes (October 2004), Will private label drive out manufacturer map, Admap, Issue 454, pp.56-57
According to a **Global Private Label Consumer Study (2004)** released by **AC Nielsen**, the world's leading marketing research and information company. Two thirds of global consumers consider Supermarket Own, or 'Private Label', Brands to be a good alternative to other brands, with as many as four in five consumers considering this the case in the developed markets of Europe, the Pacific and North America. The twice-yearly global AC Nielsen Online Consumer Opinion Survey, the largest of its kind, polled over 21,100 respondents in 38 markets from Europe, Asia Pacific, North America, Latin America and South Africa.

The study asked consumers around the world what they thought about Supermarket Own Brands as an alternative to other brands in terms of their quality, value for money, packaging and positioning.

In India, the majority of mature Modern Trade shopper tends to be up-market, open to new ideas and researching them via the Internet for this particular study allowed us to derive more relevant insights. This study, for the first time, tells retailers what consumers think of private labels and offers them a good starting point to chalk out future strategies.”

The Top 10 rating supermarket labels the most highly hailed from Europe - perhaps not surprising given the strong discounter presence - lead by the Netherlands (91%), Portugal (89%) and Germany (88%). At the other end of the scale, eight of the bottom 10 hailed from Asia, with Japanese and Malaysian consumers (35%) in least agreement that Supermarket Own Labels were a good alternative to other brands.

Private label awareness and acceptance in Asia and other developing markets will in part go hand in hand with the growth of the Modern Trade in these countries. In Asia, for example, share of the modern (supermarket) trade is currently running at 47 percent, and is expected to pass 50 percent in 2005. In

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65 [www.acnielson.org](http://www.acnielson.org)
some of these markets, where the retail landscape is highly fragmented, a lot of shoppers are only just getting used to visiting supermarkets and hypermarkets regularly for their groceries, and Private Label is still a relatively new concept for them.

Additionally, the attraction of major well-known multinational and local brands with strong brand equity supported by heavy advertising, means that the appeal of Private Label would be limited in many of these markets. Across the regions, consumers in the Pacific and North America were almost unanimous, with 81 percent in both considering them extremely good Value for Money. They also agreed on Quality, with 72 percent in North America, and 70 percent in Pacific considering Private Label quality to be at least as good as the usual big brands. Europe followed closely behind with 73 percent agreeing on Value for Money and 68 percent on Quality.

A majority (60%+) of Indians also consider Private Labels to be good value for money and offering quality similar to big brands. Consumers globally are in agreement when it comes to Private Label Quality and Value for Money, with a global average of 69 percent agreeing they were extremely good value for money, and 62 percent considering their quality to be at least as good as the big brands.

When asked if they thought there were some products where quality really mattered, not suitable for Private Label, a clear majority of Indian consumers (80%) agreed. This was in stark contrast to a global average of 40 percent, led by half the Latin Americans (51%) and Asians (48%). Even in highly Own Label-developed markets in the Pacific, two in five consumers (41%) agreed that there were certain products not suitable for Private Label. This was also agreed with by one third of consumers in Europe (35%). Only in North America did nearly one half of consumers (48%) disagree.
70 percent of Indians cited poor packaging as inhibiting Private Label purchase. This offers retailers food for thought about their Private Label strategy, and something to follow up on.

Across Europe however, cheap packaging is certainly not an issue for retailers in Germany, Austria and Finland, where over two thirds of consumers disagree that Private Label packaging is cheap-looking. At the same time, there appears to be a packaging redesign opportunity for retailers in South America, Latin America, and Asia, where 44 percent, 40 percent and 38 percent of consumers respectively agreed that Private Label packaging was cheap-looking and off-putting.

India’s modern trade shoppers also consider Private Labels to be ‘budget brands’ (67%) and claim that not knowing enough about these brands (70%) is most likely to be preventing them from considering adding these brands to their shopping baskets. This was in contrast to the global average of 42 percent who disagreed that this was the case for them. This was particularly felt by more than half of consumers in North America (56%), the Pacific (54%) and Europe (50%). Heading the top 10 ranking, two thirds of consumers in Finland (72%), Germany (66%), the Netherlands (65%) and Sweden (64%) also disagreed.

In tune with India, and presenting the biggest opportunity for retailers in developing markets, more than two thirds of consumers in Taiwan, Malaysia, Indonesia and the Philippines agreed that Private Label was for those that couldn’t afford the ‘best’ brands

**George Muller, Mark Bergen, Shantanu Dutta and Daniel Levy(2006)**66

opines that using weekly retail transaction scanner price data from a large US supermarket chain, significantly higher retail price rigidity is found for private

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label products than for nationally branded products during the Christmas and Thanksgiving holiday periods relative to the rest of the year. The finding cannot be explained by changes in holiday period promotional practices because it is found that private label promotions appear to diminish at least as much as national brands. The increased rigidity of private label products relative to national brands is only partially accounted for by increased rigidity of wholesale prices. After ruling out other potential explanations, it is suggested that the higher private label price rigidity might be due to the increased emphasis on social consumption during holiday periods, raising the customers' value of nationally branded products relative to the private labels.

The paper by Philippe Bontems, Monier-Dilhan, Sylvette and Vincent Réquillart (1999) presents a model of retailer-manufacturer interaction that focuses on retail competition between national brands and private labels positioned by retailers to compete with them. The final demand side involves vertical differentiation between the private label (low quality) and the national brand (high quality). It is assumed that production costs for the national brand and the private label differ not only by sunk costs (advertising) but also by marginal costs, and that the marginal cost function is increasing and convex in quality. It studies the equilibrium price strategies for both agents when the quality of the private label varies and we compute the optimal private label quality from the retailer's point of view. Study also determines the effect of the private label on the agents' profits. The results suggest that the wholesale price of the branded good may increase as the private label good becomes a closer substitute for it. Moreover, introducing a private label reduces the double marginalisation problem in the vertical structural.

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The Omnibus edition of retail papers by KPMG (2009)\(^{68}\) spans this very happening sector, which not only brings so much joy to the inveterate shoppers in terms of retail therapy, but also employment and livelihood to tens of thousands of Indians.

India’s GDP growth rate is a healthy 9% for 2005-06 – and this has had its ripple effect on all industries- more so the Retail sector, of which only 3% was organized until now. The Indian retail industry accounts for 10% of GDP and 8% of employment. India is being touted as the next big retail destination with an average three year compounded annual growth rate of 46.64%. The Indian economy is poised to take the third position in the world in terms of Purchasing Power Parity by the year 2010. The Indian Retail Market is at Rs.1, 200,000 million markets as per the Images India Retail Report 2007. Organized Retail market iszooming ahead with an annual growth rate of 30%.

The Retail sector is vibrant with growth happening in all related areas – be they malls, hypermarkets or single brand luxury stores, they have dotted the commercial landscape of the metros, and have even percolated to the Tier II and Tier III cities. Malls are fast becoming sought-after entertainment hotspots. From a situation where there were no malls about a decade ago, the country will have over 300 malls translating to over 100 million sq.ft. in available mall space by the end of 2007.

Food and Grocery retail holds the most potential, as almost 99% of it is unorganised. A number of big players are entering the field of organised food retail like Reliance, Aditya Birla Group and the Bharti Group, which has tied up with the world’s largest retailer – WalMart. All these major players are expected to show an annual growth rate of 25-30%.

The Retail boom has also led to the opening of a large number of single brand outlets across the country. With big brands and bigger outlets across all

\(^{68}\) Retail Omnibus (2009), KPMG
segments, from Apparel and Footwear, Watches, Books and Stationary to Jewellery and Consumer Durables, the sweep is indeed broad.

According to Datamonitor's Apparel Retail: Global Industry Guide (2006) the global apparel retail industry generated total revenues of $827 billion in 2005, this representing a compound annual growth rate (CAGR) of 2.1% for the five-year period spanning 2001-2005. The women's wear segment was the industry's most lucrative in 2005, generating total revenues of $447.6 billion, equivalent to 54.1% of the industry's overall value. Looking forward, the performance of the industry is forecast to accelerate, with an anticipated CAGR of 2.9% for the five-year period 2005-2010 expected to drive the industry to a value of $953.1 billion by the end of 2010. For the purpose of this report, Europe comprises Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, the United Kingdom, the Czech Republic, Hungary, Poland and Russia. Asia-Pacific consists of China, India, Japan, Taiwan, South Korea, Singapore and Australia. The Americas consist of the United States, Canada, Brazil and Mexico.

According to Nirmalya Kumar & Jan Benedinct EM Steenkamp (2007) What keeps brand managers in manufacturing companies awake at nights? Would you say rival brands that are snapping at their heels? You would be way off the mark. The answer is private labels owned by the retailers themselves, which are also known as store brands or own labels. Should manufacturers really lose sleep over what the retailer is doing? Well, private labels are large in developing markets — they account for 40 per cent of Wal-Mart sales ($126 billion or Rs 5,16,600 crore), 50 per cent for Tesco ($36 billion or Rs 1,47,600) and are eating into a larger chunk of the organised.

69 www.datamonitor.com/store
retail sale in developed markets. In Germany, for instance, private label has shot up from 12 per cent of sales to 34 per cent. This has, in effect, changed the balance of power between brand manufacturers and retailers, giving the latter a decided advantage when negotiating terms with the brand manufacturers. And apart from the multibrand retailers, a category of private label-only retailers has also been created — Ikea, Toys ‘R’ Us, Zara — who sell only private label brands.

The writing, say Nirmalya Kumar and Jan-Benedict E. M. Steenkamp, is on the wall: private labels are growing faster than manufacturer brands. They are ubiquitous across categories and they now compete on quality — in fact, they are now brands! Private label share is expected to grab almost 22 per cent of sales in developed markets by 2010.

Kumar and Steenkamp trace how private labels have evolved from ‘cheap and nasty substitutes’ to the real thing. Indeed, ‘copycat’ private labels still remain a strong strategy for retailers. However, the copycat no longer depends on the price advantage to fight the branded product; it has improved on quality and offers a value proposition to the consumer. Similarly, the earlier theory that recessions fuelled private labels while an economic boom resulted in growth of brands no longer holds good.

The first part deals with retailer strategies on private labels and what they are doing or should be doing. The second half examines manufacturer strategies for taking on private labels. The research cited by the authors shows that retailers now have a range of superior private labels which can match and, in some cases, outperform brands, as Tesco’s ‘Finest’ range does. Besides, consumer perceptions of brands have also changed. A smaller number now believe that manufacturer brands are worth the premium they charge. At the same time, concerns about quality and the social stigma attached to store brands have disappeared.
The book details the range of strategies that private labels can deploy. From copycats (look alike of a leading brand that are cheaper) to premium store brands (both ‘premium- elite’, which offers equal quality at a lower price to a major brand and ‘premium price’, which offers higher quality and price — the best that money can buy) to value innovators. The last is usually sold by hard discounters, but would also include labels brought out by retailers that are both unique and offer a price advantage. Ikea and the Swedish clothing chain H&M are examples of products that have pared prices by stripping away packaging or advertising.

Among the leading retailers of private labels is Tesco, which has a large portfolio spanning the entire price range. So from a ‘pile it high, sell it cheap’ approach, Tesco has moved into a more consumer-focused chain where private label offerings are the core of the strategy.

Wal-Mart, on the other hand, casts the net wider on private labels to create a ‘house of brands’. The only caution for retailers is that there should be a judicious mix of private labels and brands.

The second half of the book outlines how brand manufacturers react or can react. For a start, it advises them to accept the fact that retailer private labels are brands and here to stay. To act as if private labels do not exist is myopic, it says. So also the tendency to consider private labels as inferior products that consumer would tire of quickly and hence not worthy competitors’.

The book also advises manufacturers not to fall into the other trap of undertaking private label production for retailers. This is often done to fill idle capacity but entraps manufacturers into what the authors call the vicious circle of dual strategy. What happens is that their own brands come under pressure; lose market share and the resulting excess capacity is used to manufacture more private labels. So, it goes on.

Instead, manufacturers should fight back by innovating: changing the way they look at consumers, seeking out early adapters for ideas, using sound marketing techniques and adopting a rigorous product development process.
The authors offer some good examples: Campbell’s soup as an innovator for anticipating consumer changes (chilled soups in cartons being an example) while P&G is cited for developing product experiences based on two moments of truth: one when the consumer sees the product on the shelf and second, when the consumer uses the product at home. Ultimately, it must be accepted that there is always a premium for manufacturer brands.

Christophe Bontemps, Valerie Orozco, and Audrey Trevisiol (2005) study the price response of national brands to the development of private labels. Using monthly data from a consumer survey, they show that prices of national brands increase with the development of private labels. However, they also show that the price increase in national brand products is explained by a strategy of product differentiation. Finally, price reaction of national brands differs with the type of private labels they are facing.

The article by John Miller (2005) offers an economic rationale for national brands to provide private labels to their retailers. We build a game-theoretic model that analyzes the interactions among two national brand manufacturers and one common retailer. In an interesting strategic role, the private label mitigates the promotion competition between the two national brands and provides benefits for all three members in the channel. The analysis shows that offering a private label can be a credible commitment from a national brand manufacturer that it will not engage in promotions and decrease the incentive of the national brand rival to engage in promotions. In this way, it attempts to provide a reason for why national brand manufacturers provide retailers with private labels in practice.

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The article by Alessandro Bonanno, Rigoberto A. Lopez, (2004)\(^73\) investigates the impacts of private labels (PLs) on fluid milk prices and price differentials using 2,759 supermarket-level observations from 10 cities. Non-parametric results reveal that although PL milk prices decrease as PL milk shares expand, eventually the effect is to increase the prices of manufacturers’ brands as well as the price gap between private labels and manufacturers’ brands. Econometric results further reveal that supermarkets exert some degree of price discrimination through controlling the brands of milk sold.

According to investigation in paper by William P. Putsis Jr. (1997)\(^74\), the competitive pricing interaction between national brand and private label food products, focusing on the effect of brand proliferation. IRI scanner data from 1991 and 1992 for 135 food product categories and 59 geographic markets are used. Empirical findings are grouped into three categories: i) price, promotion and competitive effects, ii) brand proliferation and entry deterrence, and iii) local market effects.

Results indicate that both private label and national brand reaction functions are positively sloped and asymmetric. Successful private label penetration, as measured by total private label share, lowers the average price of national brands. The paper's central finding is that the impact of brand proliferation on market pricing behavior is multi-dimensional. First, an increase in the number of brands increases the ability of national brand manufacturers to raise price. Second, the effectiveness of a brand proliferation strategy depends upon the distribution of market share. The more concentrated the brand structure, the lower the market price of national brands. Thus, the net effect of brand proliferation strategies is dependent upon not only the number of brands, but

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\(^73\) Alessandro Bonanno, Rigoberto A. Lopez (2005), Journal of Agriculture and Industrial Organization, vol 3 (1), article no 2.

upon the actual distribution of brand shares. Finally, local market conditions play only a small role in the competitive interaction between private labels and national brands.

The article by Jeroen Hinloopen, Stephen Martin (1997)\(^7\) investigates the impacts of private labels (PLs) on fluid milk prices and price differentials using 2,759 supermarket-level observations from 10 cities. Non-parametric results reveal that although PL milk prices decrease as PL milk shares expand, eventually the effect is to increase the prices of manufacturers’ brands as well as the price gap between private labels and manufacturers’ brands. Econometric results further reveal that supermarkets exert some degree of price discrimination through controlling the brands of milk sold.

The paper by Richard Piper and Stephan Buck (1995)\(^8\) takes as its starting point the UK and uses consumer panel data to examine the trends in retailer concentration and own label on a long and short term basis. It considers the extent to which recent trends in the major multiples are part of an established pattern, or whether they reflect the threat of discount retailing from other European countries. It examines similar data for a number of European countries and asks to what degree a homogeneous retail trade is likely to develop in Europe. Does pan-European marketing and branding offer a counter to retailer power for the major manufacturers? Is it realistic for manufacturers to pursue a partnership strategy with retailers, and if so what information is needed? The paper concludes by examining the role of the information provider and the implications of retailer power in relation to the


\(^8\) Richard Piper and Stephan Buck (June 1995) The growing strength of the retailer and effects on FMCG brand manufacturers. ESOMAR, Triad 2000, New York.
ownership of key data. It argues the case for independently based information on the market place.

According to Leslie de Chernatony (1989)\textsuperscript{77}, in an era of increasing multiple grocery retailer dominance, weaker manufacturers cut brand investment, while stronger manufacturers maintained brand support. Questions were raised about the way consumers perceive competing items under varying conditions of manufacturer brand activity. Consumer research, across six product fields, showed that regardless of long-term changes in manufacturer's brand advertising, consumers always perceived manufacturer brands as one category with own-labels and generics as an alternative category. This is thought to be due to the way that generics were so strongly associated with particular retailers. Problems in branding terminology are highlighted by this research and it is proposed that marketers should adopt the terms manufacturers' brand and distributors' brand when analysing the competitive structure of product fields. Clarification of these terms is advanced.

This article by to Ashley, Susan R (1998)\textsuperscript{78} explores the reasons for the increased popularity of private labels and the means that advertisers have for 'fighting back'. It presents the results of studies which explore the effects of pricing, TV media spending and advertising effectiveness on both private label share and total category volume. It is argued that persuasive advertising has a tremendous effect on a brand's sales and market share and in order for manufacturers to use advertising effectively, it is necessary to understand the complementary roles of advertising weight and ad effectiveness. The higher the ARS Persuasion result, the greater the likelihood of sales increases. According to the studies reported the commercials with the highest ARS Persuasion scores resulted in sales increases, even with small amounts of

\textsuperscript{78} Ashley, Susan (1998), How to effectively compete against private label brands Journal of Advertising Research, Vol 38, (1), pp75-82.
weight behind them. On the other hand, the ads with low ARS Persuasion scores resulted in no measurable sales effect regardless of media weight over a full-year test period. The effect of persuasive advertising on category growth is examined. rsc's CATS(r) service was used to analyse 4 packaged goods categories: dentifrice, margarine, glass cleaner and spaghetti sauce. Data were collected over a 4-5 year period. The total database for all 4 categories included over 200 4-week Nielsen SCANTRACK periods. The results of the study indicate that although an individual brand's advertising generally has the purpose of increasing its own brand sales; it also results in an increase in total category volume. A second study showed that persuasive advertising has no significant effect on private label share. The key to competing profitably with private labels is through sales-effective or persuasive advertising.

The article by Kusum L. Ailawadi, Scott A. Neslin, and Karen Gedenk (2001) aims to determine whether national brand promotions and store (own) brands attract the same value-conscious consumers: if so, it would aggravate channel conflict between manufacturers and retailers. The authors identify psychographic and demographic traits that, in combination, potentially drive usage of the two types of brands. Four identifiable consumer segments are described: deal-focused consumers, store brand-focused consumers, deal and store brand users (use all), and non-users of either type (use none). The implications for manufacturers and retailers are explored.

The paper by Kusum L. Ailawadi and Bari Harlam (2004) presents and tests a model of the key determinants of margins that retailers earn on national brands and store brands. A particular focus is put on the impact of store-brand

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share on percentage margin, dollar margin per unit and total dollar margin of the retailer. The authors conclude that it is important for retailers to retain a balance between the two types of brands to attract and retain the most profitable customers.

The paper by **Tulin Erdem, Ying Zhao and Ana Valenzuela**\(^1\) presents an empirical study of consumer choice behaviour with respect to store brands in the USA, the UK and Spain, based on scanner-panel data on laundry detergent, toilet paper and margarine. The authors suggest that consumer learning and perceived risk, plus price and quality, contribute to differences in the relative success of store brands in the countries studied.

**Euromonitor’s (2006)** \(^2\)** International's Retailing in India** report offers insight into key trends and developments affecting the industry. The report examines all retail channels to provide sector insight. Channels include department stores, food retailers, health and beauty retailers, clothing and footwear retailers, home furniture and household goods retailers, durable goods retailers, and leisure and personal goods retailers. There are profiles of leading retailers, with analysis of their performance and the challenges they face. There is also analysis of alternative selling channels (kiosks, homeshopping, internet retailing, service stations, vending and direct selling, as available).

Expanding at 8% in current value terms over 2004, retailing took a big leap forward in 2005. This was thanks to strong GDP growth and a stable economic climate that fuelled consumer optimism. Ascending consumer disposable incomes backed by low interest rates and higher ownership of credit cards

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\(^2\) www.euromonitor.com
allowed for inflated spending within key consumer groups in urban and rural India.

Demographics continued to show a positive skew to spur retailing growth. Consumers aged 20-45 years is emerging as the fastest growing consumer group and the mean age of Indians is now pegged at 27, a mean age that reinforces spending across all the retailing channels of grocery, non-grocery and non-store.

The government stance of protecting local retailers and prohibiting 100% foreign direct investment in retailing continued in 2005, restraining international retailers' entry. However, there was gradual economic reform, giving way to easier and faster franchising agreements as well as the loosening of zonal regulations on retail expansion, thus stimulating retailing.

Grocery retailers continued to be the staple of retailing in 2005, accounting for three-quarters of overall retailing value sales. Moderate growth of 7% in current value terms for grocery retailers in 2005 over the previous year was mainly attributable to the hegemony of a large and mature base of independent grocers and, to a much smaller extent, food specialists and other grocery retailers. Up and coming modern retail channels such as hypermarkets, supermarkets, convenience stores and discounters were unable to make a significant mark in grocery retailers' value due to a limited geographical spread and consumer reach.

However, kiranas could hardly afford to be complacent, with supermarkets and hypermarkets experiencing strong growth. Supermarkets and hypermarkets benefited due to their vast product portfolios tailored to consumer demand, promotional initiatives, private label and affordable pricing, which made it enticing for consumers to make a switch from traditional kiranas.

Local retailer giants such as Pantaloon Retail India Ltd and RPG Enterprises in conjunction with Dairy Farm International gained a foothold in hypermarkets during the review period, allowing for hypermarkets to nearly
double their sales turnover and surface area in 2005 over the previous year. Supermarkets also expanded current value sales by expanding into smaller towns and cities, registering a commendable 28% growth in 2005 over the previous year.

Making up less than a quarter of retailing value sales in 2005, non-grocery retailers exhibited stronger growth than grocery retailing, growing current value sales by 14% in 2005 over 2004. Department stores within mixed retailers were the forerunner in growth, being boosted by the introduction of lifestyle concept stores. Meanwhile, health and beauty retailers raked in the highest sales in non-grocery retailers, thanks to a vast and fragmented presence of local neighbourhood pharmacies.

The rapid evolution of multinationals such as LG Electronics in a variety of specialised formats within durable goods retailers, as well as the expansion of lifestyle outlets within mixed retailing made an indelible mark on non-grocery retail during the review period. Local players were no less active, with the likes of Bata India Ltd and Titan Industries Ltd taking the lead in their respective domains of clothing and footwear retailers and leisure and personal goods retailers. This is thanks to their veteran expertise in understanding Indian consumer's tastes and spending habits.

Non-store retailing remains insignificant, with its value contribution pegged at 1% in overall retailing for 2005. However, non-store retailing witnessed a robust expansion of 108% in current value terms over the review period over its miniscule base, achieving a faster growth than grocery retailers and non-grocery retailers.

Direct selling continued to spearhead non-store retailing sales. Its strong sales are reflective of the slow transformation in consumer lifestyles resulting in a growing number of sophisticated, busy and educated consumers who increasingly prefer direct sales catalogues to visiting stores.

Home shopping and internet retailing, however, remain inhibited by low levels of consumer ownership of cable television, computers and credit cards in rural...
areas. However, the rising urban consumer confidence in internet retailing and homeshopping spurred these to grow at 30% and 32% in 2005 over the previous year in current value terms.

With government legislation permitting higher foreign direct investment from January 2006, retailing is expected to be dynamic during the forecast period. Sales are expected to follow an upward trajectory with a healthy 6% constant value CAGR projected over the forecast period.

Grocery retailers will continue to be dominant, with hypermarkets continuing to soar followed by supermarkets and convenience stores. Over the long-term, however, grocery retailers can expect to see value share declining in favour of high-margin, premium and urban-oriented non-grocery retail, with the latter witnessing a higher 10% constant value CAGR during the forecast period.

Non-store retailing is expected to continue its fast-paced growth from a miniscule base. This growth will be spearheaded by internet retailing, which will gain higher levels of popularity and close in on direct selling by 2010.

Across all channels, growth in retailing is expected to be boosted by heightened competition during the forecast period due to the growing presence of international retailers. In addition, rising disposable income levels and India’s sustained economic momentum are anticipated to bode well for retailing growth.

According to Stephen J. Hoch Alan L. Montgomery (2002)\(^8^3\) Previous research has shown that most consumer product markets are in long-run competitive equilibrium. In most categories, a given brand’s market share is stationary, showing remarkable stability over long time horizons (10 years). This empirical generalization has been attributed to both consumer inertia and competitive reaction elasticises that lead to offsetting marketing spending.

which nullifies attempts by one brand to take unilateral action to increase share.

Despite consumer inertia and competitive matching, we find that during the period 1987-94 one brand consistently showed positive market share evolution — the retailer’s own brand, the private label. In 225 consumer packaged goods categories, private labels trended upward 86% of the time. To provide some insight into these empirical findings we develop an analytic explanation for how private labels can grow even though national brands exhibit no growth on average. We argue that this can occur because unlike its national brand competitors, the retailer through its private label is the only brand that not only controls its own marketing spending but also exerts some influence over the ultimate marketplace spending of their national brand competitors.

According to Shannon, Randall, Mandhachitara, Rujirutana (2005)\textsuperscript{84} While the marketing phenomenon of the private-label grocery brand has been studied in considerable depth in Western countries, particularly in Britain and major parts of Europe, this has not been the case in developing Far Eastern markets, perhaps in part because the established retail formats have not been conducive to their growth. The recent broad-scale introduction of private-label grocery brands in one of these markets (Thailand) provides an opportunity to question why such brands have experienced an uncertain start in many Eastern countries. This study attempts to understand the attitudinal and behavioural factors associated with private-label grocery shopping through simultaneous surveys conducted among residents of Wichita, Kansas, USA and Prakanong-Bangna in Greater Bangkok, Thailand.

According to Georg Müller, Mark Bergen, Shantanu Dutta and Daniel Levy (2006), using weekly retail transaction scanner price data from a large US supermarket chain, significantly higher retail price rigidity is found for private label products than for nationally branded products during the Christmas and Thanksgiving holiday periods relative to the rest of the year. The finding cannot be explained by changes in holiday period promotional practices because it is found that private label promotions appear to diminish at least as much as national brands. The increased rigidity of private label products relative to national brands is only partially accounted for by increased rigidity of wholesale prices. After ruling out other potential explanations, it is suggested that the higher private label price rigidity might be due to the increased emphasis on social consumption during holiday periods, raising the customers’ value of nationally branded products relative to the private labels.

According to Diane Halstead, Cheryl B. Ward (1995), private label brands may be in danger as a result of recent changes in the marketing strategies used by private label firms. The primary competitive advantage of private label brands, good quality at low prices, may be lost if private label firms continue to modify and expand how their brands are marketed. Specifically, changes in private label brands’ advertising, packaging, sales promotion and product improvement strategies indicate that private label brands are moving closer than ever to manufacturer brand status. To the extent that these changes result in higher average retail prices and/or lower gross margins for retailers, the advantages of private brands to both consumers and distributors will diminish, illustrating that the historical “wheel of retailing” hypothesis may be applicable to private label brands. Investigates the aforementioned trends and

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provides suggestions for manufacturers and retailers for future brand management strategies.

The study by **Yaron Timmor (2007)** discusses the use of private labels, both for retailers and manufacturers, within the context of international markets. It is proposed that agreements between manufacturers and retailers from different markets may solve or mitigate some abiding frictions and serve the interest of both parties. Using data collected through 101 in-depth interviews among marketing managers, qualitative and quantitative procedures were used to explore producers' attitudes and behaviour in regard to agreements to manufacturing for overseas retailers' private labels. The study revealed that lower transaction costs, quicker penetration into new markets and retailers' reputations among customers are the dominant motivators while short-term strategy, appropriate mainly for grocery items, increases dependency on retailers and deters manufactures from contracting with overseas retailers' private labels. The study also found that gaps exist between manufacturers' perceptions and actual behaviour, mediated particularly by firm size and product categories. The findings, which reflect observed practice, are interpreted through theoretical propositions related to earlier studies. Managerial implications are provided.

The purpose of the study by **Letecia N. Moyell and Doris H. Kincade (2003)** 2 Department of Near Environments, Virginia Tech, Blacksburg, VA 24601–0410, USA was to identify shopping orientation segments for US female consumers. The sample included 151 women, aged 18 years and over. This research examined differences in the segments relative to store patronage.

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preferences (i.e. department, discount, specialty), attitude toward the
environment of the store selected as first choice when shopping for a specific
apparel item (i.e. a dress), and demographic characteristics. Cluster analysis
revealed that four shopping segments described the female consumers. The
segments were named Decisive Apparel Shopper, Confident Apparel Shopper,
Highly Involved Apparel Shopper, and Extremely Involved Apparel Shopper,
based on several shopping factors. Differences were found among the
shopping orientation segments for store of first choice, attitude and household
income.

According to Louis-Georges Soler (2005) a good understanding of the
current evolution in the retail sector is important for both stakeholders in the
food chains and governments who have to design policies regulating
competition and supplier-buyer relationships. The papers grouped in this
special issue provide insights about three questions raised by that evolution:
the impact of private label expansion on national brand prices, retailers’
pricing strategies, and retailers’ buying strategies and their impact on upstream
producers.

GMA survey conducted in April (2006) found that more than three-quarters
of Americans across all demographic groups consider a product’s brand before
making a final purchase selection, confirming what every GMA member
company wants to hear. 67% of respondents even said they would ‘chase the
brand’ to a different store if it wasn’t available, or do without until the next
shopping excursion. The 800-person survey further cheered national brand
manufacturers by finding that:

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89 Louis-Georges Soler (2005) "Retailer Strategies in the Food Marketing Chain: Introduction to the
Americans will pay a higher price for perceived quality. 41% would also pay a higher price for a product ‘whose taste they enjoy’ and 25% for one ‘with added health and nutritional benefits.’

Shoppers credit national brand manufacturers with more innovation, suggesting store brands tend to copy nationally branded offerings. 60% said they would be willing to pay more for a nationally branded product so that the company could continue innovation and R&D. Key factors in brand selection are (a) experience, with 36% saying that prior family exposure influences brand choice, and (b) peer endorsement, with 13% saying it influences brand choice. 82% frequently consider the price of a product before making a final section. 55%, including high-income shoppers, say that an in-store product sale or coupon is most or second most important in making a specific purchase.

The results of the study by Alain d'Astous, Odile Saint-Louis (2006) suggest that the generally admitted superiority of national brands over private brands must be questioned, at least in the context of the purchase of a clothing item. According to the findings reported in this article, consumer preferences for branded garments result from the interplay of store image and purchase motivation. For instance, in the context of buying a shirt for a special occasion, the consumers having participated in this experiment valued more a store brand than a national brand when the shirt was offered in an upper-class store. However, the opposite was noted when the shirt was available in a lower-class store. One can speculate that for special purchases, national brands offer some guarantee that a product available in a low-reputation store will meet consumers' high expectations. But this guarantee seems no longer necessary in the case of high-reputation stores offering exclusive store brands.

For less involving decisions such as the purchase of a shirt to be worn every day, the participants in this study gave their best appreciation to store brands.

available in low-reputation stores. One explanation for this result is that consumers may have inferred that this is where they would get the best deal. Since the product stimuli that were used in this study did not display a specific price value (e.g. 49.99$) but rather were presented as being sold at a “regular” or “discount” price, consumers may have made inferences regarding the amount of money that would be required to buy an ordinary shirt. Perhaps the non-observation of a price effect in this study may be attributed to the fact that some implicit absolute price information was contained in the store image factor. This problem should be addressed in future studies.

These findings have some implications for the marketing of national and store brands of clothing. Retailers in high-prestige stores willing to promote their store brands should emphasize in their communication programs buying contexts in which a piece of clothing is needed for some special event (e.g. a wedding anniversary, a prom) because this appears to correspond to situations where store brands are best valued. Retailers in low-prestige stores should rather promote their store brands by stressing the good quality of their clothes in day-to-day usage situations. In the case of national brands of clothing, emphasizing the satisfaction guarantee that comes automatically with well-known, well-established brands would probably be the best communication strategy.

According to L. Guerrero Y. Colomer, M. D. Guàrdia, J. Xicola and R. Clotet (1999) the consumption of store brands is increasing in the European Union. In Spain it represents 12.4% of the total food shopping. In order to understand this phenomenon better a consumer study was undertaken using 610 consumers from all over Catalonia. The consumers filled in a questionnaire made up of 32 questions based on a simplified model of the Theory of Reasoned Action of Fishbein and Ajzen. The components included

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in the model were Past Behaviour (2 questions), Attitudes (5 questions), Beliefs (9 questions) and their Evaluations, simplified Neophobia/Neophilia scale (4 questions) and the importance of the special offers. The salient beliefs were obtained from two previous focus groups: one group of professionals and one group of consumers. The results obtained showed a good internal consistency (Cronbach alpha coefficient) in all the multi-item components of the model except for the beliefs. A non-unitary structure of beliefs was detected, although it does not represent a serious problem since consumers do not necessarily have to show consistent beliefs. Most consumers believe that store brands are reliable, different from the brands of the manufacturer and are good value for money. Their quality perception depends on the store, and in general, when the price is the same, the brand of the manufacturer is chosen in accordance with its higher quality image. In several components of the model clear consumer segmentation was observed depending on the sex of the consumer. In general, women showed a more positive attitude towards store brands than men. Beliefs were bad predictors of attitude, probably due to their non-unitary structure. The most important component in the model predicting behavioural intention was attitude, special offers also being a significant factor. Based on the results obtained, it seems that consumers have clear beliefs about store brands, but probably at the supermarket they will behave in ways that do not necessarily correspond with their beliefs.

According to Annika Lybeck; Maria Holmlund-Rytkönen; Maria Sääksjärvi (1998)\textsuperscript{93} Store brands have grown in popularity in virtually all countries. Despite a considerable body of research, findings on how consumers perceive and buy store brands have been rather inconclusive. While most store-brand studies have examined various grocery products, the current

\textsuperscript{93} Annika Lybeck, Maria Holmlund,Rytkönen Maria Sääksjärvi (2006), Store brands vs. manufacturer brands: Consumer perceptions and buying of chocolate bars in Finland , The International Review of Retail, Distribution and Consumer Research, Vol. 16,(4) pp 471 – 492.
study focuses on confectionery, specifically chocolate bars. A survey in Finland shows that the middle aged and more educated are more store-brand prone than others, that nearly all had bought store brands, including retailers' own chocolate bars. Three buyer types of store brand buyers with differing perceptions of chocolate bars are identified and analysed: heavy users, sometimes and seldom. Some implications of the findings for retailers and manufacturers are discussed.

This article by authors Tülin Erdem, Ying Zhao, Ana Valenzuela (1996) studies that Store brands have been gaining increasing share of the market in most consumer product categories. The trend toward higher store concentration, global recession, and changing consumer habits also influences the growth of store brands. Nevertheless, the market shares of store brands vary by product class and across countries. For example, in the grocery industry, store brands have 45% market share in Switzerland, 37% in the United Kingdom, 22% in Canada, but only 12% in the United States. Differences in market concentration, store-brand positioning, and consumer price sensitivity are responsible for this phenomenon. Nevertheless, there has been surprisingly little empirical work done in marketing to study the reasons that underlie the relative strength of store brands in Europe and the United States.

The authors empirically study the notion that the differential success of store brands in the United States versus in Europe is the higher brand equity that store brands command in Europe than in the United States. The authors use a framework based on previous work to conduct the analysis: consumer brand choice under uncertainty and brands as signals of product positions. More specifically, the authors examine whether uncertainty about quality (or the

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positioning of the brand in the product space); perceived quality of store brands versus national brands; consistency in store-brand offerings over time, and consumer attitudes toward risk, quality, and price underlie the differential success of store brands at least partially in the United States and Europe. The authors propose and estimate a model that explicitly incorporates the impact of uncertainty on consumer behavior. The authors compare (1) levels of uncertainty associated with store brands and national brands; (2) consistency in product positions over time for both national and store brands; (3) relative quality levels of national and store brands; and (4) consumer sensitivity to price, quality, and risk across the three countries studied. The model is estimated on scanner-panel data for detergent in the U.S., U.K., and Spanish markets and on toilet paper and margarine in the U.S. and Spanish markets. The authors find that consumer learning and perceived risk (and the associated brand equity), as well as consumer attitude toward risk, quality, and price, play important roles in consumers’ store-brand versus national-brand choices and contribute to the differences in relative success of store brands across the countries studied.

The results indicate that consistent quality levels and positioning, as well as the reduction of the gap between perceived quality levels of national versus and brands, help store brands. Nevertheless, given the cost considerations, the optimal marketing strategy depends on consumer price, quality, and risk sensitivities in each country and product category. For example, when consumers are price sensitive and relatively quality insensitive, marketers of store brands should not attempt to reduce quality differentials between store and national brands. Instead, they should reduce prior uncertainty about quality through consistent quality and positioning and differentiate the brand as a basic, no-frills option rather than attempt to “imitate” leading national brands. However, when consumers are more quality sensitive than price sensitive, a consistent positioning that differentiates the store brand as a high-
quality alternative to the national brand (such as Mark & Spenser in the United Kingdom and El Corte Ingles in Spain) would yield superior results.

The study by Wulf, Kristof De; Odekerken-Schröder, Gaby; Goedertier, Frank; Van Ossel, Gino (1997) has threefold objective. First, the authors want to use taste tests to assess how four store brands that are differently positioned compare to one national brand in terms of perceived brand equity. Second, the authors want to investigate whether brand equity of store versus national brands is determined by current brand loyalty towards these brands. Third, they want to find out whether store patronage has an influence on perceived brand equity of store versus national brands. A total of 225 consumers were involved in a repeated measures design involving two within-subject factors: a blind and non-blind taste test of five orange juice brands. Across our three objectives, we describe the impact of the retailers' positioning strategies on the results generated. The results confirm the common belief that private label products can offer the same or even better quality than national brands, but at a lower price. Until now, hardly any study incorporates the differences in positioning objectives of retailers and national brand manufacturers. Nevertheless, as is true for any brand, positioning of a store brand can exert an important influence on its performance.

Hong-Youl Ha, Helen Perks (1998) believes that creating a customer experience that is synonymous with a particular brand is becoming increasingly recognised as a vital driver of e-performance. E-tailors are just as likely to try to influence consumers' shopping behaviour, through

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atmospherics and service, as brick-and-mortar stores. This study investigates several questions that have been left unanswered in recent studies of consumer behaviour in the context of internet-based marketing. Its focus lies in addressing the issue of whether there is a direct relationship between brand experience and brand trust or whether there is an indirect relationship via satisfaction or brand familiarity. The results of an empirical study of e-consumer behaviour show that brand trust is achieved through the following dimensions operating and interrelating as antecedent constructs: first, various brand experiences and the search for information, secondly, a high level of brand familiarity, and thirdly, customer satisfaction based on cognitive and emotional factors. These findings should assist marketers and academics in their understanding of the development of brand trust in an internet-based environment.

The study by Aleš Kuhar, Tanja Tič (1996)\(^7\) tries to deepen the understanding of consumers’ perception of private labelled food products in Slovenia. Our study confirms that the information about brand can significantly affect hedonic sensory judgement of consumers. Sensory judgements of food and furthermore preference are therefore influenced by more than the taste of food itself. When comparing the impact of experimental condition with respect to the type of brand we observed the effect of assimilation also in the case of private label products. Therefore consumers have a set of expectation related to certain private label. Moreover, it is interesting that the information on brand in case of private labels samples yield different effect. In the case where the retailer which is marketing a private label has a reputation on offering high quality products the assimilation has been positive. In the case of an international retailer the assimilation has been negative, however not significant. The findings have important implications.

for strategic brand management. Slovenian private label shoppers might be identified as price-cautious but quality-sensitive consumers. This highlights the necessity of permanent low price for private label food and preventing differentiation from the producer brands in respect of perceived quality. On the other hand, the food enterprises marketing producer brands should strengthen the extrinsic cues of their products. Potentials for competitive advantage for producer brands therefore relies on superior quality and highly differentiated images via advertising, effective and continuous product innovation and creative design. Results from the consumer questionnaire mainly confirmed the evident trend of increasing private label food market shares in Slovenia. As much as 45% of the respondents classified into the “frequent buyer” of private label food. Results show that dairy products, salt and mineral water are product groups.

With the highest share of private label purchase, since around 20% of respondents report, that they always select private labelled product. On the other hand, almost two thirds of the respondents claim no private label beer purchase.

The most obvious benefit to consumers afforded by private label is lower price. More than 90% of the respondents believe that the private label products are cheaper. When they were asked to compare overall product quality under producer label and equivalent private label approximately 49% stated that the quality is the same, but 45% believe the quality is lower. Therefore consumers perceive private label as a low-price alternative of comparable quality. We have also attempted to discover whether the propensity to buy private labels is associated with demographic or socio-economic characteristics of consumers. Self-reported household disposable income has shown statistically significant effect on private label purchase frequency where respondents in lower income groups are more frequent buyers of private labelled products. Also the size of a household is found to be significantly related to private label product purchase frequency. The smallest
and the largest households are very likely among the most frequent buyers of private label products. Education of the respondent, however, shows no significant effects a propensity to buy.

The purpose of empirical study by Archna Vahie, Audhesh Paswan (2006)98 is to focus on the relationship between perceived private label brand image, and perceived store image (SI) and feeling associated with the presence of national brand (NB).

The data are collected using a self administered questionnaire from respondents belonging to generation Y in their 20s. The focal product was apparels sold at department stores.

The results indicate that the store atmosphere and store quality positively influence the perception of Private Label Brand's quality, whereas, the congruence between national brand and store image (National Brand) has a negative influence on Private Label Brand's quality. In comparison, the store quality, store convenience, store price/value, and the congruence between NB and Private Label Brand have a positive influence on the affective dimension of the Private Label Brand image, whereas, the congruence between National Brand has a negative influence.

A key limitation of this study is the sampling frame. Future studies should replicate this study in different contexts and with different target population. To boost the image of their Private Label Brands, stores need to focus on the store quality dimension, since it affects both quality and affective dimensions of Private Label Brand. Other SI dimensions that have a significant effect on either private label brand-quality or Private Label Brand-affective dimensions are store atmosphere, convenience, and price/value dimensions. Regarding the presence of National Brand in a store, even if it is in congruence with the SI, it has a detrimental effect on both the quality and affective dimension of private label brand, unless the private label brand image and NB image are seen as

congruent. Managers should ensure that the National Brand carried by their store harmonize with their own private label brand image.

**Devon DelVecchio (2000)** given consumer associations with their lower cost/lower quality positioning and their relatively small marketing budgets, private label brands must carefully select the product categories in which they attempt to compete. A regression-based study was undertaken to investigate the manner in which product category characteristics influence consumers’ perceptions of private label quality. Results of this study indicate that perceptions of private label quality are driven by the complexity, price level, average inter purchase time, and quality variance of the product category. Private label brands are also perceived differently due to the manner in which consumer segments employ brand names as heuristics. Although consumers’ use of brand names as functional cues is unrelated to assessments of private label quality, consumers who consider brands to be symbolic resources are, surprisingly, found view private label brands more favourably. However, the results indicate the positive perception of private label quality among consumers viewing brands as symbolic resources is limited to product categories that are private in nature.

**Doreen Chze Lin Thang and Benjamin Lin Boon Tan (2000)** Using a stimulus-organism-response (S–O–R) framework, this study examines the S–R relationship of consumer retail behavior. In particular, we focus on how consumer perception of the attributes of store image affects their preference for the stores. The stimuli that pertain to store attributes include

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merchandising, store atmosphere, in-store service, accessibility, reputation, promotion, facilities and post-transaction service. Consumers’ preference is based on their post-visit ranking of the stores. Eight hypotheses were developed and tested with data collected from a survey using a random sampling approach. Results from a polychotomous regression analysis identified the following attributes as significantly influencing consumer preference: merchandising, accessibility, reputation, in-store service and atmosphere of the stores.

Jūratė Banytė; Žaneta Paunksnienė; Aušra Rūtelionė (2007) Changing consumption culture, a rapid market growth, an intensive pace of society’s life reveals the need for deeper consumer and their preference studies. One of the emerging key tasks for marketing professionals is to understand, adapt to and develop the consumer and his/her behaviour. Social and cultural environment surrounding the consumer, his individual characteristics and psychological state constitute the objects investigated by consumer behaviour theorists. The majority of these theories are used in the development of new marketing directions, conducting complex marketing research and forecasting market changes. The article analyses one variable of consumer behaviour, defined as perception, seeking to identify its usage possibilities while developing marketing to women. The aim of the article is to define perception peculiarities as a variable of consumer behaviour within the context of marketing to women. The article reveals the issue of perception as a relevant object of contemporary consumer behaviour studies and validates the importance of this variable recognition in the development of marketing to women. The conception of perception in the consumer behaviour theory is briefly reviewed and a consistent theoretical analysis of the elements of the process such as sensation, attention, interpretation and retention is performed. Based on the analysis performed, the possibilities of combining the perception

as a variable of consumer behaviour with theoretical provisions of marketing to women are validated and the use of perception elements while developing marketing to women is defined.

The article by **Robert r Steiner (1994)** highlights the history of national brand/private label competition. It argues that the private labels of large retail chains possess unique competitive weapons to constrain the market power of powerful national brands that are not available to rival manufacturers' brands. Consumer welfare is maximized when private labels and national brands compete vigorously rather than when either one is too dominant. There is some ominous recent evidence that the vigour of national brand/private label competition is sometimes being diminished by collusion between the two kinds of brands.

This exploratory research by Jane **Boyd Thomas (1993)** examines Sheth's (1981) constructs of merchandise requirements and supplier accessibility factors and their effect on the maintained mark-up percentage earned for national and private apparel brands. The effect of merchandise requirements and supplier accessibility factors on the maintained mark-up percentage of national and private sportswear apparel brands was examined. A national survey of department store buyers indicated that type of merchandise affected the maintained markup percentage for both brands. Additional variables affected the maintained mark-up percentage for each brand, indicating that buyers may use different merchandising strategies for private and national brands. Findings from this study may assist retail buyers and suppliers in the development of merchandise strategies for national and private apparel brands.

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Fabian Bergès-Sennou (1997)\textsuperscript{104} believes that one of many explanations offered for the rise of private labels (PLs) is that they increase the bargaining power of the retailer. The prior question of the PL production assignment has not been analysed in an economic framework. The retailer can either entrust the production of his PL to the national brand (NB) manufacturer at a low unit cost, with the disadvantage that both products (NB and PL) are held by the same agent, or he can choose a firm from the competitive fringe with a higher unit production cost. In a framework where loyalty (presence of store-switching and brand-switching consumers) and bargaining strength count, they show that the retailer will assign his PL production to the NB manufacturer when the latter's bargaining power is low. However, a higher consumer loyalty for the NB can reverse the retailer's decision.

The purpose of this paper by Klaus G. Grunert, Lars Esbjerg, Tino Bech-Larsen, Karen Brunsø, Hans Jørn Juhl (1999)\textsuperscript{105} is to investigate how three dimensions of retailer brand architecture – share or retailer brands, quality of retailer brands and visibility of retailer brands – affect consumer intention to shop at stores. A conjoint analysis is conducted with a sample of 599 Danish consumers, which rated intention to shop at hypothetical new shops based on profiles derived from an orthogonal design. Two segments of consumers emerge, one price conscious and one more differentiated. Consumers prefer shops with lower price levels, with dominantly manufacturer brands, with quality of retailer brands at the same level as manufacturer brands, and with good visibility of retailer brands.

The results are based on the evaluation of hypothetical stores, and many additional factors affect store choice in the real world. Results suggest that we

\textsuperscript{104} Fabian Bergès-Sennou, Store loyalty, bargaining power and the private label production issue, European Review of Agricultural Economics, Vol. 33,(3) pp. 315-335, 2006

may be heading towards a polarized retail market, mainly divided between discount concepts and high quality retailer brand concepts. The paper is innovative in isolating the effect of dimensions of retailer brand architecture on consumer store preference.

Judith A. Garretson, Dan Fisher and Scot Burton (1995) presents a model that addresses the similarities and differences in conceptual antecedents of attitudes toward private label grocery products and national brand promotions is proposed and tested. The proposed model is tested using a sample of 300 consumers who were recruited from grocery stores, provided behavioral data from sales receipts of their shopping trip, and responded to a survey that contained multi-item construct measures. We predict and find in the study that both price and non price related constructs impact both private label attitude and national brand promotion attitude, but the directionality and strength of several of these relationships differ. Implications of these findings for retailers and national manufacturers are discussed.

Paul Richardson, Arun K. Jain, Alan Dick (1996) points out that, although blind tests have generally revealed that consumers can detect little difference between store brand and national brand products, private brands still only have a small market share (14.9 percent). Using an environmental psychology model as the study framework, which postulates a stimulus-response process, examines the effects of store atmosphere on consumer evaluations of private brand grocery products. It analyzes the results which show that store aesthetics do influence consumer perceptions of store brand quality. Discusses the managerial implications of the findings and the limitations of the study, and makes suggestions for future research.

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Lien Lamey, Barbara Deleersnyder, Marnik G. Dekimpe, & Jan-Benedict E.M. Steenkamp (1994) Private-label products now account for more than 20% of global grocery sales and are expected to grow to 30% by 2020. Although there are considerable cross-country differences, all developed countries have witnessed a steady increase in the share commanded by store brands over the past decades. This growth has been attributed to various factors, such as a gradual shift in the communication budget from advertising to sales promotion, the growing concentration in the retail sector, and an over-time improvement in private-label quality.

This article formally addresses the link between private-label success and business-cycle fluctuations in a country’s aggregate economy. Data covering multiple decades are available for several key private-label countries (the United States, the United Kingdom, West Germany, and Belgium). The findings confirm conventional wisdom that a country’s private-label share increases when the economy is suffering and shrinks when the economy is flourishing. Notably, asymmetries are found in the extent to and speed with which private-label share changes in cyclical up- versus downturns. Consumers switch more extensively to store brands during bad economic times than they switch back to national brands in a subsequent recovery. In addition, the switch toward private-label brands is faster than the opposite movement toward national brands when the recession ends. Finally, not only are consumers more prone to buy private labels during economic downturns, but some of them also keep buying private labels when bad economic times are long over, leaving permanent "scars" on national brands’ performance level.

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The authors argue that national-brand manufacturers can mitigate the effect of an economic downturn on their share by intensifying their marketing-support activities in recessions. Thus far, such a proactive strategy is not often observed. On the contrary, available evidence suggests that many manufacturers actually exacerbate their predicament by cutting back on their marketing expenses when the economy turns sour, insofar as they scale back their innovation activity and reduce their advertising budgets. Most retailers invest more strongly in their private-label program when the economy deteriorates, making it even more difficult for the national brands to catch up with the share lost during contractions.

Although the impact of the aggregate business cycle may seem uncontrollable, a proactive marketing strategy on the part of national-brand manufacturers may mitigate the observed dependency of private-label success on general economic conditions. Thus, to guard their position against private labels, manufacturers are strongly advised to reconsider their current passive marketing behaviour during depressed economic times and to continue supporting their brands when they need it the most.

In this research, the authors Kathleen Seiders, Glenn B. Voss, Dhruv Grewal, & Andrea L. Godfrey (1996) propose that the relationship between satisfaction and repurchase behaviour is moderated by customer, relational, and marketplace characteristics. They further hypothesize that the moderating effects emerge if repurchase is measured as objective behavior, but not if it is measured as repurchase intentions. The authors test these hypotheses by surveying 945 customers of a specialty retail store and then tracking their objective repurchase behaviours for one year. As the authors expected, the results differed markedly between when objective repurchase

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behaviours are the dependent variable and when self-reported repurchase intentions are the dependent variable. The association between customer satisfaction and repurchase behaviours is contingent on the moderating effects of convenience, competitive intensity, customer involvement, and household income; relationship age and relationship program participation also have positive direct effects on repurchase behaviours. Involvement, satisfaction, and convenience have strong positive effects on repurchase intentions, and there is a small involvement x satisfaction interaction effect.

The empirical findings are consistent with conceptual and methodological arguments that repurchase intentions measures do not effectively capture the complex contingency effects that ultimately drive objective repurchase behaviours. As a result, satisfaction and repurchase intentions measures may not predict repurchase behaviour accurately and may create false security, if managers assume that higher scores necessarily lead to stronger repurchase behaviour. Greater value may be gleaned by developing customer relationship management systems that track actual repurchase decisions and by tracking defecting customers to determine their motivation for defecting. Managers would also benefit from a better understanding of moderating variables, such as involvement and household income that can be used to segment customers into lower or higher repurchase groups.

The results support the assumption that carefully focused initiatives designed to increase involvement among customers can lead to more repurchase visits and spending. In addition, managers should promote convenience and reduce uncertainty by communicating specific, detailed information about merchandise online and by focusing on coordination to ensure consistency across channels and to encourage repurchase behaviour. For example, encouraging customers to opt in to permission-based communications and then delivering tangible value to those who participate in relationship programs can increase repurchases. In this study, e-mail respondents visited
and spent approximately twice as much in the store as did postal mail respondents

Auruškevičienė, Viltė; Maikštėnienė, Kristina; (1998)\(^{110}\) The aim of the article is to gain understanding of the relative value that Lithuanian consumers assign to the private-label brands in relation to the proprietary (original manufacturer) brands. This aim is achieved by revealing the historical role of private labels in grocery price competition, substantiating choice of conjoint analysis method, employing this method to estimate the value distances that Lithuanian category-involved consumers assign to a private label brand in a typical fast moving consumer goods category and, finally, discussing the value of a private label brand in relation to proprietary brand. Empirical research results confirm shifting role of a private label in intra-category (within-category) price competition. The empirical study results indicate that, in the eyes of Lithuanian consumer, private label brand has already become closer to the proprietary brand than to its no-name counterpart. These findings imply that the threat of private labels shouldn’t be underestimated by proprietary brands sold in Lithuania. Private labels have acquired brand attributes of their own. Proprietary brand owners should seriously rethink their brand strategies towards more profound differentiation and probably towards employing horizontal extension strategies. Empirical research findings have practical significance for both private-label and proprietary (manufacturer’s own) brand marketers, as they indicate the relative distances that consumers place on various branding regimes.

The research by Anusingh Lather and Tripath kaur (2006)\(^{111}\) examined the influence of selected attributes on store patronage for doing shopping. When


\(^{111}\) Anusingh Lather and Tripath Kaur (2006) It's All At the Mall: Exploring Present Shopping Experience, Indian Journal of Marketing volxxxvi (8)
the market is flooded with products that are branded and unbranded, the shoppers are in a dilemma to buy which one! The shoppers are really jostled with variety of brands and their mind is boggling where to stop for shopping? Shopper basically decides on the basis of store characteristics. The quality of stores taken together form the overall image of mall. They are basically exploring the shopping experiences in the malls. These changes in consumer behavior also augur well for the retailing industry. The organized retail chains, display all the products and the most attractive product catches the customer attention of shoppers. Most of these stores believe in creating not just a marketing activity with its customers, but rather favour relationship building with him so as to convert first time customers into a client. The Study concentrates on organized retailing, which consists of shopping malls coming up a big way in India. The decision to patronize a particular store usually starts with a set of characteristics or attributes that shoppers consider important.

Retailers then use these attributes to make decisions regarding what store or stores can cater to their particular needs to different age cohorts with different promotional tools. Past retail and marketing studies have identified several shoppers-oriented store attributes such as price, quality, variety and discounts but these studies overlooked how the physical environment, store reputation and store location affects retail store patronage. In response to different demographic features of shoppers, entrepreneurs have developed new way to provide merchandising and rendering services so that a new fervour could be smelt and as a sequel totally new ambience could be experienced. Keeping these facts, the researchers have studied the nine characteristics of malls to elaborate the enthralling shopping experiences. This will provide academics, mall developers and retailers a richer understanding of various components

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that contribute to malls experiences, and allow them to more effectively study and market to this segment

Rajeev Batra and Indrajit Sinha (2000) have examined how different determinants of perceived risk help explain variations in purchasing preferences for national brands versus private label (store) brands (Private Label Brands), across twelve different product categories. Such inter category differences are the most important source of variation in Private Label Brand share across markets, retailers and categories, but little prior consumer-level research has thus far tried to explain these crucial variations. Supporting theory-based expectations, they find that Private Label Brand purchases in a category increase when consumers perceive reduced consequences of making a mistake in brand choice in that category, and when that category has more “search” than “experience” characteristics. Theoretical and managerial implications of these results are discussed, especially the important role played by “experience” attributes in leading consumers to favour national brands over private label brands.

Several reasons have been by Indrajit Sinha and Rajeev Batra (1999) to explain the remarkable success and growth of private label brands (private label brands) in Western Europe and North America. One important factor that has not been adequately highlighted is the role of consumer price consciousness and consequent consumer resistance to the prices of national brands. They have developed a framework for understanding consumer price consciousness, why it varies across product categories, and how it may result in private label brand purchase, and calibrate the model on category-level field data. The findings establish that perceived category risk and perceived price

unfairness of national brands in that category are significant antecedents of consumer price consciousness, and that variation in such price consciousness across categories is a significant reason why consumers buy private label brands more in some categories than in others. Additionally, they show that perceived price–quality association has a significant effect on private label purchase in risky categories.

According to S. Chan Choi and Anne T. Coughlan (2006)\textsuperscript{114} Perceptions of private label brands (private label brands) reside in consumer memory along with national brands (National Brand). When a consumer engages in a choice situation, both private label brands and National Brand rely on links to retrieval cues in consumer memory to give them a chance of purchase. This study examines the underlying competition between National Brand and private label brands across different retrieval cues. The findings show that private label brands link to the same attributes as National Brand and so compete with National Brand for retrieval. However, while any brand typically competes most with the brands more commonly associated with any specific cue, the study finds evidence of private label brand sub-categorization. That is, if a consumer elicits one private label brand for a certain cue, he/she has four times the propensity to elicit other private label brands than elicit a NB for that same cue. This heightened propensity suggests that when a consumer learns that one private label brand has a particular quality, the consumer generalizes that quality to other private label brands. Therefore, retailers should realize that the image of competitor retailers'
This paper by Magda Nenycz-Thie, Byron Sharp, John Dawes, and Jenni Romaniuk (2006) investigates the retailer's problem of positioning her private label against two national brands in terms of both product quality and product features. Using a demand function derived from consumer utility, we show that the private label's best positioning strategy depends on the nature of the national brands’ competition and its own quality. When the national brands are differentiated, a high quality private label should position closer to a stronger national brand, and a low quality private label should position closer to a weaker national brand. When the national brands are undifferentiated, the private label should differentiate from both national brands.

The paper by David A. Soberman and Philip M. Parker (2003) demonstrates that higher category prices and higher advertising are consistent with markets where low-priced private labels have become more important. In the model, the private label is a version of a national brand without the perceived quality enhancement provided by advertising. The unadvertised private label allows a monopolistic channel to price discriminate between customers who want advertised brands and those who do not. This can lead to either increases or decreases in average category prices. When advertising creative and media costs are high, the model predicts that increased private label availability leads to higher average category prices.

According to Enrique Manzur, Sergio Olavarrieta, Pedro Hidalgo, Pablo Farías, and Rodrigo Uribe (2009), retailers compete against national

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manufacturers by launching store brands. National manufactures regularly use brand promotions to fight store brands back. The purpose of this article is to find out whether attitudes toward national brand promotions and store brands have similar or different conceptual antecedents. The study presents and tests a model of the effects of shoppers’ characteristics (price and non-price-related) on attitudes toward store brand and national brand promotions. The results support that constructs relating to price impact both store brand attitude and national brand promotion attitude, but the strength of some of these relationships differ. Other shopper characteristics like brand loyalty and store loyalty, have similar negative and positive effects, respectively. These slight differences suggest that promotions of national brands might be a good tool for fighting back store brands, but manufacturers need to design and target these promotions carefully in order to avoid head-to-head competition.

Salma Karra and Guiomar Martín-Herrán (2007) study the relationship between the pricing and advertising decisions in a channel where a national brand is competing with a private label. We consider a differential game that incorporates the carryover effects of brand advertising over time for both the manufacturer and the retailer and we account for the complementary and competitive roles of advertising. Analysis of the obtained equilibrium Markov strategies shows that the relationship between advertising and pricing decisions in the channel depends mainly on the nature of the advertising effects. In particular, the manufacturer reacts to higher competitive retailer’s advertising levels by offering price concessions and limiting his advertising expenditures. The retailer’s optimal reaction to competitive advertising effects in the channel depends on two factors: (1) the price competition level between the store and the national brands and (2) the strength of the competitive

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advertising effects. For example, in case of intense price competition between the two brands combined with a strong manufacturer’s competitive advertising effect, the retailer should lower both the store and the national brands’ prices as a reaction to higher manufacturer’s advertising levels. For the retailer, the main advantage from boosting his competitive advertising investments seems to be driven by increased revenues from the private label. The retailer should however limit his investments in advertising if the latter generates considerable competitive effects on the national brand’s sales.

Article by **Francisco Javier Rondán Cataluña, Antonio Navarro García, Ian Phau (2006)** investigates how price and brand loyalty of three frequently purchased product categories can influence the purchase decision process of store brands versus national brands. A multinomial logit model was constructed to analyse the data obtained from a consumer panel. The results confirmed that brand loyalty is the main variable which influences the purchase decision process of both national and store brands. The influence of price on the purchase decision process is product specific. There is a clear distinction between the buyer's profile of store brands and national brands. But there is no evidence of any correlation.

**Paul S. Richardson, Alan S. Dick and Arun K Jain (1994)** examine the relative importance of extrinsic versus intrinsic cues in determining perceptions of store brand quality in an experiment using a sample of 1564 shoppers for five products. Results of the experiment suggest that consumers' evaluations of store brand grocery items are driven primarily by the extrinsic cues that these products display rather than intrinsic characteristics. In

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addition, the authors found that a value for money orientation taken by retailers in the marketing of their private label lines may represent a suboptimal strategy; they recommend a quality orientation.

According to Velitchka D. Kaltcheva & Barton A. Weitz (2006)\textsuperscript{121} Guidelines for designing store environments based on Mehrabian and Russell’s Pleasure-Arousal-Dominance (PAD) model suggest that stores that create high levels of excitement (arousal) are perceived by patrons as pleasant, and thus patrons spend more time and money in the store. However, the effects of arousal are inconsistent; some studies find that high arousal increases traffic and sales, whereas other studies find that arousal decreases traffic and sales. In other words, an exciting store environment does not always lead to positive outcomes.

This research proposes that the impact of store-induced arousal on perceived pleasantness and shopping behaviors depends on the consumer’s motivational orientation. When consumers have a recreational motivational orientation, high arousal increases pleasantness and sales because recreational consumers desire richer and more engaging shopping experiences that high-arousal environments provide. In contrast, when consumers have a task-oriented motivational orientation (i.e., they are shopping to buy a specific item), high arousal has a negative impact on pleasantness and sales. Task-oriented consumers want to complete their shopping with little time and effort, and therefore they dislike loud music, intense colours, and complex store layouts that place demands on their attention. Three experiments support this contention.

Retailers can use different elements of the store environment to influence customer arousal level, such as music, colour, and complexity of the store layout and merchandise presentation, and so forth. For example, if a grocery

store chain finds out that its customers are predominantly task oriented, it should use store designs with less saturated, cooler colours, such as light blues, and even associate such colours with its brand name. It should not use intense orange or red colours. In addition, the stores should have simple layout and merchandise presentation. In contrast, the customers of a sporting goods retailer may be predominantly recreationally oriented. Thus, this retailer should design its stores with a more complex layout and merchandise presentation, and it should regularly reorganize the store and the merchandise presentation. The retailer should also use warm and highly saturated colours throughout the store and in the brand name.

In cases in which customers’ dominant motivational orientation varies in time, the retailer faces a more challenging task in designing the store environment. Those elements of the store environment that is more difficult to modify frequently, such as the store’s layout and wall colour, should be designed to induce moderate arousal (i.e., intermediate levels of complexity, colour warmth, and colour saturation). More variable elements, such as background music, can be used to increase arousal at the times when customers are predominantly recreationally oriented and to decrease arousal when customers are predominantly task oriented.

Sometimes customers’ dominant motivational orientation varies across the different store departments. In such cases, retailers are advised to have each department designed in such a way as to complement the dominant motivational orientation of the customers shopping there. For example, a consumer electronics retailer may create a low-arousal environment in the accessories area to accommodate customers who typically have task-oriented motivation when shopping for accessories), but it could create a high-arousal environment in the home-entertainment centres, which are typically visited by recreationally oriented consumers.
According to Lien Lamey, Barbara Deleersnyder, Marnik G. Dekimpe, & Jan-Benedict E.M. Steenkamp (2007)\textsuperscript{122} private-label products now account for more than 20% of global grocery sales and are expected to grow to 30% by 2020. Although there are considerable cross-country differences, all developed countries have witnessed a steady increase in the share commanded by store brands over the past decades. This growth has been attributed to various factors, such as a gradual shift in the communication budget from advertising to sales promotion, the growing concentration in the retail sector, and an over-time improvement in private-label quality.

This article formally addresses the link between private-label success and business-cycle fluctuations in a country’s aggregate economy. Data covering multiple decades are available for several key private-label countries (the United States, the United Kingdom, West Germany, and Belgium). The findings confirm conventional wisdom that a country’s private-label share increases when the economy is suffering and shrinks when the economy is flourishing. Notably, asymmetries are found in the extent to and speed with which private-label share changes in cyclical up- versus downturns. Consumers switch more extensively to store brands during bad economic times than they switch back to national brands in a subsequent recovery. In addition, the switch toward private-label brands is faster than the opposite movement toward national brands when the recession ends. Finally, not only are consumers more prone to buy private labels during economic downturns, but some of them also keep buying private labels when bad economic times are long over, leaving permanent “scars” on national brands’ performance level.

The authors argue that national-brand manufacturers can mitigate the effect of an economic downturn on their share by intensifying their marketing-support activities in recessions. Thus far, such a proactive strategy is not often

observed. On the contrary, available evidence suggests that many manufacturers actually exacerbate their predicament by cutting back on their marketing expenses when the economy turns sour, insofar as they scale back their innovation activity and reduce their advertising budgets. Most retailers invest more strongly in their private-label program when the economy deteriorates, making it even more difficult for the national brands to catch up with the share lost during contractions.

In summary, although the impact of the aggregate business cycle may seem uncontrollable, a proactive marketing strategy on the part of national-brand manufacturers may mitigate the observed dependency of private-label success on general economic conditions. Thus, to guard their position against private labels, manufacturers are strongly advised to reconsider their current passive marketing behavior during depressed economic times and to continue supporting their brands when they need it the most.

Sonia San Martín Gutiérrez (2006)\textsuperscript{123} believes Relationship Marketing is an important approach to the study of exchanges. This approach puts emphasis on the development of trust, satisfaction and relational norms to obtain parties' commitment. However, there are very few studies that consider the different levels the consumer relates with. Moreover, a limited number of marketing studies include variables that are often used in economic approaches such as signalling theory, which can enrich the understanding of commercial relationships. Therefore, the proposed multidisciplinary model relates economic variables - the signals that firms send to the market - and key relational variables - satisfaction and trust - considering three relationship levels of trust and satisfaction - store brands, personnel and stores. Results

show a transference process among the three levels of trust and confirm that satisfaction and signals are important antecedents of each trust level.

**Steve Burt, Alexis Mavrommatis (2006)**

Argues that when a retailer internationalizes, rather than aiming to achieve an exact replication (standardization) of its domestic store image abroad, it should aim for a standardized positioning strategy. The distinction between the consumer perspective of image and the managerial perspective of positioning is an important construct, which to date has received little consideration in retail internationalization. Based on the case of Dia, the Spanish limited line grocery discounter owned by Carrefour, a consumer survey conducted in Spain (the home market) and Greece (a host market) measured the company’s store brand image and that of local competitors. Results show that although consumer perceptions of brand image differ in the host market from those found in the domestic market, when the local competitive context is taken into account, both stores are found to be perceptually distinct from the competition and occupy a similar market position. This suggests that the managerial focus should be on achieving a standardized position in a foreign market rather than pure image replication.

**Jorge Tarziján asks (2004)**

Why would retailers want to introduce private labels in a given product category? This paper examines this question, focusing especially on the effects of the emergence of private labels on the relative power of retailers vis-à-vis national brand manufacturers. The analysis allows for different degrees of competition in the vertical structure, and for linear and non-linear pricing. It show that retailer gains from introducing

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private labels increase with the concentration of the retail market both with linear and non-linear pricing.

The aim of the paper by Genessa M. Fratto, Michelle R. Jones, Nancy L. Cassill is to investigate competitive pricing strategies of apparel brands and retailers. The paper begins with a broad discussion of competition by examining Porter's five forces model, and narrows by examining price competition within price tiers in the retail apparel industry according to store format and brands. Included are case studies of apparel retailers and brands incorporating concepts of pricing strategies, brand positioning, and price competition, with a focus on retail channel relationships. The paper analyzes the impact of price competition on apparel retailers and brands, and further examines price tiers as a competitive strategy. The study reveals that the concept of price tiers is applicable to apparel retailers and brands. Price tiering is a vehicle for market positioning for the retail apparel industry. Retailers are enacting a price tier strategy by branding their retail store formats or engaging store brands as a vehicle of differentiation for a tier. Retailers and brands can be successful with a price tier strategy, unless they fail to differentiate between tiers on factors other than on price alone.

The paper provides useful information on the impact of price competition on apparel retailers and brands, and also price tiers as a competitive strategy. To examine the effect of utilitarian and hedonic shopping benefits on customer satisfaction, loyalty, and word of mouth communication in a retail branded context. Jason M. Carpenter, Ann Fairhurst (2005) have taken A sample of young adult consumers (N=276) was surveyed using a self-administered


questionnaire. Statistical techniques (confirmatory factor analysis, structural equation modeling) were used to evaluate the data. Statistical models indicate support for significant, positive relationships between utilitarian and hedonic shopping benefits, customer satisfaction, customer loyalty, and word of mouth communication.

Limitations of this study include the use of a college student sample and confinement to the specialty apparel retail branded purchasing context. The findings are useful because links between the delivery of shopping benefits (e.g. hedonic and utilitarian) and important outcome variables (e.g. customer satisfaction, loyalty, and word of mouth communication) are demonstrated. In the increasingly competitive environment faced by today's retailers, the pursuit of customer loyalty is paramount. In order to be competitive, retailers must identify the key antecedents to customer loyalty and the relationships between the benefits delivered to the consumer and important outcomes (e.g. satisfaction, word of mouth communication). The findings of this study contribute to the development of an organizing framework for such relationships, which is exceptionally important for retailers. This paper undertakes an empirical examination of the effect of shopping benefits on several outcome variables. The paper is unique because of the relative newness of the context in which the study was conducted (retail branded products).

**Study Andreu, Luisa; BignÃ, EnriquÃ, Chumpitaz, Ruben; Swaen, ValÃrie(2006)** examines the relationships that exist between consumers' perceptions of a retail environment and their emotions, satisfaction and behavioural intentions with respect to that shopping setting. A model of these relationships is developed and then tested in two distinct retail settings-"shopping centers and traditional retailing areas. The results show that, in

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general, positive perceptions of a retail environment have a positive influence on positive emotions, on repatronage intentions, and on the desire to remain longer in the shopping area in both retail settings. However, some interesting differences emerge between shopping centres and traditional retailing areas: (i) the internal environment has a stronger effect on emotions in shopping centres than in traditional retailing areas; and (ii) the internal environment has a negative effect in shopping centres on the disposition to pay more.

Why would retailers want to introduce private labels in a given product category? This paper by Tarziján J (2004) examines this question, focusing especially on the effects of the emergence of private labels on the relative power of retailers vis-à-vis national brand manufacturers. The analysis allows for different degrees of competition in the vertical structure, and for linear and non-linear pricing. We show that retailer gains from introducing private labels increase with the concentration of the retail market both with linear and non-linear pricing.

Oscar Medina; José Luis Méndez; Natalia Rubio (2006) opines that The development of retail brands has been favoured by the creation of large chains and by the high level of business concentration in the retail sector. It has been supported by an increasing number of consumers who are aware of value and consider that retail brand is the best alternative, with quality levels similar to those of leading manufacturer brands but with lower prices. In this survey, we analyze the price differentials between manufacturer brands and retail brands in several categories of widely consumed products. We study the relationship between the price differential and the mean category price with the market.

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share of retail brands, for foodstuff, perfumes and cleaning materials categories. Finally, we determine the possible connection between the price of a consumer good brand and its real quality.

Richardson P.; Jain A.K.; Dick A.(1996)\textsuperscript{131} Points out that, although blind tests have generally revealed that consumers can detect little difference between store brand and national brand products, private brands still only have a small market share (14.9 percent). Using an environmental psychology model as the study framework, which postulates a stimulus-response process, examines the effects of store atmosphere on consumer evaluations of private brand grocery products. Analyzes the results which show that store aesthetics do influence consumer perceptions of store brand quality. Discusses the managerial implications of the findings and the limitations of the study, and makes suggestions for future research.

Fabian Bergès-Sennou, Daniel Hassan, Sylvette Monier-Dilhan, and Hélène Raynal (2007)\textsuperscript{132} analyze the determinants of consumers’ brand decision within a retailer store using a multinomial mixed logit approach. For the consumers’ choice, national brands compete with private labels (both me-too product and high quality store brand). They find that the standard private label (me-too), independently of the price effect, performs better than all national brands in terms of consumers’ utility. Second, the high-quality private label does not reach its target yet in term of consumers’ acceptance due to a poor product characteristics perception. Last, it appears that households’ objective socioeconomic variables (income, education and household size) do


\textsuperscript{132} Fabian Bergès-Sennou, Daniel Hassan, Sylvette Monier-Dilhan, and Hélène Raynal (2007), Consumers’ decision between private labels and national brands in a retailer's store: a mixed multinomial logit application, Paper prepared for presentation at the Mediterranean Conference of Agro-Food Social Scientists. 103\textsuperscript{rd} EAAE Seminar ‘Adding Value to the Agro-Food Supply Chain in the Future Euromediterranean Space’. Barcelona, Spain, April 23\textsuperscript{rd} - 25\textsuperscript{th}.  
not play any role in private label perception, whereas objective consumption behaviour (store loyalty) clearly favours store brand perception. They found that consumers have lower private label demand elasticity than the low store loyal ones.

The study by M.Ramakrishnan, Dr.Sudharani Ravindran (2012)\textsuperscript{133} aims to analyze the Consumer Perception towards Private Label Brands on Big Bazaar, Coimbatore. The objective of the study is to understand the possibility of success when retailers introduce private brands. The research is aimed to explore if buying choices are made based on brand loyalty and to analyze whether customers actively seek for new brands or strict to the old brands. A detailed study is conducted from the views of customers & collected by conducting a survey with a sample size of 150 (75 Fashion bazaar and 75 Food bazaar) from Coimbatore region with the help of structured questionnaire. The collected data is analyzed using statistical tools and the study reveals that most of the youngsters have good perception towards the private brands in fashion wear & munchies. Majority of the respondents said that quality, trustworthy and brand image is the leading feature that differentiate private label brand with other branded product.

Paper by Abhishek,Abraham Koshy (2008)\textsuperscript{134} states that Private Label brands had seen an impressive growth in past few decades. Though, initially private label brands had a low-priced strategy, retailers made efforts for serious quality improvements in recent years. However, they have continued to suffer from poor quality perceptions. Previous research dealing with quality perceptions of store brands did not adequately examine the ways to improve the quality perceptions of private label brands. The paper examines how


retailers can influence the quality perceptions for private label brands by providing additional information cues to the customers. The nature of additional information cues may have differential impact on quality perceptions of private label brands vis-à-vis national brands. The paper proposes extrinsic high scope cues – in form of manufacturer’s name and public quality label – to improve the quality perceptions of private label brands. Furthermore, the familiarity of the product may influence the quality perceptions, consequently influencing the purchase decision. The paper also proposes differential impact of information cues across different product categories on quality perceptions of private label brands.