

*Proceedings of the European Conference for Academic Disciplines, Décembre,1-4, 2008,
Gottenheim, Allemagne.*

The strategic role of Private Label Brands in emerging markets: A framework

Diallo Mbaye Fall, Doctorant-Allocataire de recherche CERGAM,
University Paul Cézanne Aix-Marseille III (France) E-mail :
mbayediallo2003@yahoo.fr

Presented at the

**EUROPEAN CONFERENCE FOR ACADEMIC DISCIPLINES
Gottenheim, Germany (December 1-4, 2008)**

Abstract:

The importance of Private Label Brands (PLBs) or store brands has significantly increased over the past years in western countries and contributed to changing many purchase and consumption behaviors, in particular in grocery stores. Simultaneously, retailers are increasingly involved in international markets in order to be more consistent with the globalization of retailing operations. The aim of this study is to propose a simplified framework of the strategic role of Private Label Brands in emerging markets (EMs). In this, we review the literature pertaining to PLBs in relation with the international brand strategy and present two case studies - Carrefour and Casino - in the Brazilian retail industry. Theoretical contributions are better understanding of PLBs in emerging markets. As for managerial implications, this study shows that a PLBs strategy may be useful for international retailers operating in EMs at three points: to improve store loyalty and store image, and to face store competition.

Key Words: Private Label Brands, International Branding, International Retail Strategy, Emerging Markets.

Extended abstract:

The strategic role of Private Label Brands in emerging markets: A framework

In recent years, consumer goods markets and frequently bought categories in particular, witnessed an increasing presence of private label products. In 2005, private brands held 16 per cent of retail sales in USA, compared to 45 per cent in Switzerland and 28 per cent in Great Britain (ACNielsen, 2005). Private Label Brands (PLBs) or own label products are defined as consumer products produced by, or on behalf of, retailers and sold under the retailers' own name or trademark through their own outlets (Baltas, 1997). This extensively discussed and documented trend in both practitioner and academic oriented literature, characterizes most western economies in Europe and North America. At the same time, retailers are concentrating their efforts at an international level or even global level, especially in emerging markets, in order to benefit from opportunities in host markets (Pederzoli, 2006). Thanks to their low price positioning and their increasing improved quality, PLBs have come to be regarded as an important competitive tool in the arsenal of international retailers.

The objective of this study is to propose a framework to explain the strategic role of PLBs in emerging markets. In this respect, we first review the literature regarding PLBs in the international retail and branding theory. Second, we focus our attention on two case studies (Carrefour and Casino penetration of the Latin American market). We then propose a simplified framework showing key factors of a PLB strategy in emerging markets.

This study has many theoretical implications. First, it is a reaction to scholars' call for further studies in emerging markets in order to improve generalization of results and to further advance marketing as an academic discipline and maintain its managerial relevance (Ailawadi and Keller, 2004; Burgess and Steenkamp, 2006; Meyer and Yen, 2006). Second, the proposed framework - by elucidating key factors of PLB strategy - permits to better understand PLBs in international markets.

As for managerial implications, this study illuminates many important issues for international retailers operating in emerging markets. Precisely, it shows that international retail managers must base their PLB strategy on three points:

- Store loyalty: we recommend first to use store brands as a tool to build store loyalty. In fact, National brands can be bought anywhere and, therefore, are difficult to use to build store loyalty. By contrast, PLBs are exclusive to the store or chain and, if effectively marketed, may build greater store loyalty and traffic. Retailers might try to exploit this fact and better communicate that their products are of high quality and of good or superior value.
- Store image: international managers must use PLBs to improve their store image. In other words, they must implement integrated marketing communications for their PLBs. More precisely, they must have a marketing plan for PLBs that captures extensive information about customers through a database and targets specific customers through marketing strategies (advertising, promotions, direct mail).

The focus must be also laid on PLB country of origin image as emerging markets consumers tend to develop strong preferences for foreign products.

- Store competition: retailers can use PLBs to provide consumers with a competitive alternative to national brands. Indeed, in implementing a Private label brand strategy, international distributors must compete with national brands by blurring any perceived differences between these brands and private brands. Of course, this strategy supposes to lay the emphasis on improving PLB quality constantly.