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REVIEW ARTICLE

PRIVATE AND NATIONAL BRAND: A REVIEW AND AGENDA FOR FUTURE RESEARCH

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Abstract

This paper aims at providing review of the related literature in the area of private and national brands. The work revolved around the descriptive characteristics that shape the consumer preference for a particular brand and researcher has tried to investigate the reasons for choice in particular product that of a consumer for private & national brands. Number of research studies that have been carried out in past on the theme were explored for concept mapping. In this theoretical paper efforts were made to highlight and specify the relationship between apparel attributes and brand preferences. The apparel attributes specify various aspects of brand itself. There has been enormous research work done on attributes classified as durability, price, quality, fashionableness etc. On whole some, through review in the related field it was found that apparel attributes are predominantly significant in determining the preference for particular brand.

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INTRODUCTION

Brands have been constantly reviewed and redefined in the marketing literature and there are numerous definitions for 'brand'. A definition of a brand by The American Marketing Association (AMA) in the 1960s that "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competitors". For consumers, when deciding between brands which are in the marketplace will include brands as their knowledge of the product in information searching activities. Therefore, consumers use brands as cues to make decisions to purchase or try products.

In nowadays, when society is over-loaded with the amount of information, branding helps to create clarity in consumers' minds. A brand has two different functions: to distinguish products from each other and to indicate a product's origin. As Wheeler (2000) explained "Brand is the promise, the big idea, the reputation and expectations that reside in each customer's mind about the product and/or the company. Brand is about making an emotional connection. People fall in love with brands. They trust them, develop strong loyalties, buy them, and believe in their supremacy". Once the importance of brands was realized, many corporations worldwide started to create their brand images. National brands represent very well this type of "brands era".

NATIONAL BRAND

Keller (2004) found that when considering brands in present everyday situations, "National Brands" would likely come to mind. Making a list of all leading brands today from Coca Cola to Disney to Marlboro, they would fit under the definition for a manufacturer brand. A distinctive mark for these types of brands is that they are created by producers and bear their own chosen brand name. Subsequently, the value of the brand is in the hands of the producer. By building the brand through marketing, a producer can gain distribution and customer as:

"An added value entity conceived and primarily developed by a manufacturer for a specific group of customers and consumers, which portrays a unique relevant and distinctive personality through the support of product development, promotional activity and an appropriate pricing and distribution strategy"

This type of brand comes under many names, but throughout this study, the names that will mostly be used when referring to the definition above are manufacturer brands or national brands.

PRIVATE BRAND

American Marketing Association (AMA) defines a private label as “a brand name or label name attached to or used in the marketing of a product other than by the product manufacturers; usually by a retailer”.

According to the Private Label Manufacturers’ Association (PLMA) “private label products encompass all merchandise sold under a retailer’s brand. That brand can be the retailer’s own name or a name created exclusively by that retailer. In some cases, a retailer may belong to a wholesale group that owns the brands that are available only to the members of the group”.

Dhar and Hoch (1997) define private labels as those products owned, controlled and sold exclusively by a retailer and for what the retailers must accept all responsibility from developing, sourcing, warehousing and merchandising to marketing such as branding, packaging, promoting and even advertising. Nielsen A.C. (2003) defines private label as follows: “any brand that is sold exclusively by a specific retailer or chain”.

These definitions bring out two main ideas. First, it is the retailer who owns and controls the brand whereas this was traditionally the role of the producer. Second, the retailer has exclusive rights to the product. This means that different retailers do not sell identical private labels, which is not the case when retailers sell manufacturers brands. Thus the development of private labels does not only change the relations between producers and retailers (because of the retailer has a new role), but also affects competition between retailers, as private labels are an additional way of differentiating between retailers. Positive growth rate in Private labels/brands start from 1990 onwards in India.

Presently there is an overabundance of different names and definitions used to describe this concept. While some authors use the term private labels, others prefer words like own brands, retailer brands, wholesaler brands or distributor own brands. Throughout this study, researcher used the term private Labels, Private brands.

According to Kumar and Steenkamp (2007), there are **four types of private labels**: generics, copycats, premium store brands and value innovators.

Generic private labels most often cover the basic functional (low involvement) product categories, such as paper towels, soft drinks, pet food, everyday canned foods, etc. They do not carry the name of the manufacturer or retailer and are mainly positioned at the lowest possible price. Generic private labels are low quality, undifferentiated products, usually offered in one size and one variant only, less visible on the shelves, and rarely promoted. Moreover, usually their packaging is created of black letters on a white background.

Copycats are of quality close to branded manufacturers’ products and sold with a discount of usually 5-25% compared to the brand leader. Very often copycat brands are produced intentionally to be as similar as possible to their branded counterparts (even in their packaging), and that might confuse the customers. Therefore, copycat retailers are seen as the free-riders on the manufacturer’s innovations, researches, product development processes and image building.

Premium store brands create additional value for the customers. Usually their marketing mix is set in a way to support the superior brand image, e.g. by setting higher price than other branded products, advertising the product but rarely offering price promotions, placing the product on eye-catching shelf positions, etc.

Value innovators’ goal is to offer best performance-price ratio deals to the customers. Usually this kind of brands are very well balanced and based on a rational type of decision making -while there are some innovations introduced to the customers, cost efficiency still remains the main objective of value innovators. There is a tendency of private label evolution –while the generic private labels and copycat brands took a significant place on the market in ‘1980-1990’, nowadays the value innovators and premium store brands can be found more often.

PREVIOUS RESEARCH STUDIES

Bhatnagar (2004), discussed about the boost of Indian retail industry in urban areas, metros and B cities. Retail activities started by all major giant businessman of India. It has found that almost all the major players of Indian Industry have invested in the retail business in any form just like Mahindra, Tata, Kishore Biyani, Reliance etc. Verma (2011) indicated that the store brands are still in initial stage of PLC that is introductory stage. In India we are dominated by unorganised market and consumers are price conscious and need value for their money, it also found that large market capture by unbranded goods in various product categories with an existence of national

branded goods. Sharma et al. (2010) found out that the market of private/ retailer brand in India is very less around five percent of the total organized retail market whereas internationally it is seventeen percent, so it is having good opportunity to grow. The pile up data reveals that margins on retailer brand range from twenty to twenty five percent in the FMCG sector; thirty percent for consumer durables and from forty to sixty percent for apparel products. Price plays an important role in decision making and giant retailers have good concentration on improved product quality, advertising & promotion etc.

Dhar & Hoch (1997) considered the focal factors for Private Labels were the following:

Low inconsistency of quality in retailer brand

High product category sales

High gross margins

Low promotional expenditures national wide.

Collins & Zaichkowsky (1999) explained that few retailers replicate national brand to capture and fight with National Brands. Abernathy et al. (1999) examined on store brands and said that store brands are retailer brand with unique and differentiation in product line that distinguished its brand form their available rivals. Bontems et al. (1999) researched on private brands quality and their impact on national brand. If private label have low quality it can't compete with national brand and national brand manufacturers no need to worry to sell their products. If the private label quality is high, they might have stiff competition with national brand. Gabrielsen & Suogared (2000) explained that why National Brand manufacturers increase their price when retailer introduce or sell store brand. They found out that the national brand manufacturer offered a low wholesale price product to retailer with a condition, that retailer not allow to sold or introduced private brand in that product category. If the retailer will launch or sell retailer brand, then the retailer will receive national brand at high price It found that, first type of customers are loyal and second type are opportunist consumer. Kadialy et al. (2000) studied that those national brand companies who involve in good quality products get a large share of the profit due to increase in sale.

Ailawadi et.al.(2001) Studied that the store brand can't compete with National Brands in national advertising & high promotions. Store brand product can compete with national brand by offering discounts to consumer in their price. It can vary as per product categories from twenty to thirty percent. Consumers prefer these store brands as they found fine quality without compromising. However, National Brand manufacturers have to suffer due to large cost on advertising and sales promotion. Since National Brands sold a large share of product in department stores, it can impact negatively over an extensive period of time.

Goldman (2003) indicated that the Retailers make an effort to capture market share with the help of its own brand. This study found out that at the start the quality was not a significant characteristic while developing product but later on the private label quality improved. Ailawadi & Keller (2004) analyzed about the loyalty of store in multiple product categories. They explained that loyalty toward store can be developed with the help of promotions in the store. Abhishek & Abraham (2008) found that private and national brand quality gap is tightening with the passage of time as the Retailers are having more focus on quality to compete with national brand. Retailers understand the need of consumer and provided variety in product attributes. Consumers considered that brand good brand which have high expenditure on advertising. Glynn & Chen (2009) explains that quality variability, price consciousness, price -quality association & brand loyalty are the major determinants to influence consumer in buying private label brands. However it may differ in some product categories, sometimes consumers is loyal to a specific brand.

Hariprakash (2011) examined retailer brands growth, performance and importance to a retailer. Retailers differentiate brand in order to get high quality products. The study explained that the retailers should sold private labels as well as national brand because customers enter to store because of national brands although at last buy private labels. It has proved drops in footfall due to non availability of national brands in the store. The customers prefer private labels along with national brands rather than national brands along with private labels. Baidaray (2011) examined that retailer have shopper trustworthiness in the premium categories of product towards store as well as acquired better negotiation power with manufacturer Brands. Retailer brands are available at competitive price to the consumer over the National Brands, which is the primary the reason of its growth. Nair Suja (2011) mentioned that private brand which primarily uses to accommodate to a specific section that was price conscious but not quality has also improved with emotional touch and improved life style. ineffective

Alison (2009) found out that the customer is loyal towards store brand if he is having constructive attitudes towards store brands. Major factors that decide the attitude towards store brand were store collection quality and price.

Gilbert (1999) researched that there are two major types of brands exists in the apparel sector. First, Manufacturers produce and sell in the market under their own name. Second, outsource brand from manufacturer, license production or third party involve in it. Vakariya & Chopde (2011) studied on the retailer and national brand for the apparel segment and found that the store brands are less costly as national brand. It examined that national brand is superior in quality and advertisement in comparison to store brand. As store brand is rising so they are also having

good concentration on quality and its brand image also. Chintagunta et al. (2002) researched the food segment. Researchers proved that growth of retailer brand generates a reduction in the price of the leading National branded product of India. Baldinger et al. (2002) explained the significance of domestic access for a private label to understand its acceptance, augmentation and expansion. Private Label is made wide reach due to price, variety and value of the product.

India is an emerging market that bears strong characteristics of a developing country, where little consumer research has been done on consumers' preferences for private and national brand in men's apparel specifically Delhi NCR

RESEARCH GAP

Studies on private and national brands have mostly focused on the United States and European markets. Whereas there has been relatively little research of markets, like India where brands in men's apparels are not so well established or where they are in earlier stages of development. In other words as the concept of emergence of private brands through malls is of recent origin in India, so not much researches has been conducted in this area covering Indian markets.

On the basis of literature review, two gaps have been identified across time and geography. These are as follows:

1. Beaudoin et al. model of brand attributes based on twelve variables has not addressed in men's apparel.
2. The brand preferences of men's apparel with respect to important attributes are yet to be analyzed in Delhi NCR.

CONCLUSION

Brands are used as symbols, i.e. symbolic communication tools to provide consumers with information when purchasing apparels. Brands also provide an indication of product quality, especially if the consumer has little knowledge about the specific product. However, it is difficult to explain how consumers decide which brand to choose.

Private brand products are usually low priced than national brands. Though, the quality of some private brands is kept at par with national brands to cater to requirements of quality conscious buyer as they compete with national brands. Although it can be expected that consumers with a lower income will purchase the cheaper brand, this is not necessarily the situation. Furthermore, the price difference between private and national brands and the quality variation within private brands affects consumers from different market segments differently.

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