Chapter 4
Comparing Private Label Brand Equity Dimensions of the Same Store: Their Relationships, Similarities, and Differences

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ABSTRACT

This chapter examines the CBBE of two different product category PLBs of the same retailer, holding the retailer constant. Specifically, the study presented examines and compares the CBBE and its underlying dimensions and their relationships for Walmart’s Great Value (grocery, consumable household goods) and Equate (beauty, health, pharmacy) PLBs. Based on a total of 421 surveys (270 for the Great Value brand and 151 for the Equate brand), the study found that 1) while consumers seem to have accepted PLBs in general, Great Value and Equate have lower levels of acceptance among consumers and 2) the comparison of models for Great Value and Equate brands displayed similarities and a few differences in significant relationships among the CBBE dimensions. The findings of this study provide important insights to the management of the retail stores to identify the areas for improvements and develop strategies based on similarities and differences of the two brands.

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INTRODUCTION

Private-label brands are an important part of retailing in various parts of the world, often holding substantial shares of the market (Ailawadi et al. 2008), especially in Western Europe (Queck, 2009). The economic recession of 2008-2009 had a strong positive impact on private-label sales (Nielsen, 2011). Since then, private-label brand sales have remained strong even as the economy has recovered as “shoppers are now more focused on value than at any time in the recent past” (U.S. Grocery Shopper 2012, p.5). Based on a Nielsen report, Hearn (2018b) states that store brands are growing three times faster than national brands, with much of the growth coming from premium private label brands. In fact, in 2016 one in every five items sold in U.S. supermarkets was store brands, where private label brands captured 22.3% of unit shares and total market size was secured at $150 billion (Skrovan, 2017). As a result of the success of private-label brands, retailers are beginning to act very much like their national brand competitors in terms of how they manage and promote their private-label brands.

Research shows that the benefits of private-label brands for both consumers and retailers are quite compelling. For consumers, private-label brands offer relatively high-quality products at very attractive price levels (Davis, 2013; Pauwels & Srinivasan, 2004; “Store-brand” 2012, p. 17). The main reasons for retailers’ desire to increase their private-labels are higher profit margins on private-labels, negotiating leverage with national brand manufacturers, and higher consumer loyalty (Ailawadi et al. 2008; Ailawadi & Harlam, 2004; Hoch & Banerji, 1993; Kumar, 2004; Narasimhan & Wilcox, 1998; Pauwels & Srinivasan, 2004). This situation is especially true for the world’s largest retailers (Kumar 2004; Gerlock, 2013), as indicated by PLBs’ global market share of 16.7% (Nielsen, 2018). Moreover, research suggests that private-label brands have the potential to help build store loyalty (Ailawadi et al. 2008; Corstjens & Lal, 2000; Gonzalez-Benito & Martos-Partal, 2012; Martos-Partal & Gonzalez-Benito, 2011). In support of this point, Hearn (2018b) states that private label will play an increasingly critical role in driving loyalty and profits.

As retailers develop and market their own products rather than multinational name brands to meet changing consumer needs, these recent developments of private-label products present new challenges for brands and manufacturers across globe, (Nielsen, 2018). Moreover, in competing with national brands, some retailers have been offering different PLBs in various product categories, and at different price points. For example, Walmart and e-commerce leader Amazon offer private label brand in multiple categories by expanding their private-label brands of product lines (Hearn, 2018a). As a result of the success of PLBs and their growing market shares across different nations, especially in Europe capturing a larger market share (Skrovan, 2017), PLBs have increasingly captured the attention of researchers. Even
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