Merchandising of private brands vs manufacturer brands

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Abstract
Under the holder of “Merchandising of Private Brands vs. Manufacturer Brands” the article makes a review to the general concepts related to these BRANDS, as well as the present state of them. Not alone this, it gives a present vision of the Spanish market as well as a general vision of Europe and the U.S.A.
From this point of view, we enter is a essential problem that Distribution Brands have, how do the retailers support their brands with Marketing actions but concretely, the significance of the MERCHANDISING ACTIONS inside de Marketing Mix used and its comparison to the ones used by manufacturers in the commercialization of their BRANDS.
The study is focused mainly in three aspects:
POSICION AND SPACE OCCUPIED IN THE LINEAL one
QUALITY OF THE CONTAINER OF PRODUCTS BRAND OF DISTRIBUTION vs BRAND OF MANUFACTURER
ACTIONS OF COMMUNICATION CARRIED OUT BY THEM PRIVATE BRANDS, IN THE POINT OF SALE
The article is fed by a wide data base of extensive statistical representation, based on the Observatory that, since 15 years ago, the University Complutense of Madrid, have been carrying out.

Keywords: store brands, own brands, own labels, private brands, home brands.

JEL Code: M31.
We will call Private Brands to those brands that have a very elaborate design of packaging, utilize the corresponding market codes and have a great presence of the brand or logo of the distributor, this makes the perception of the assortment of this type of products very high and highly the impact in the sales point (Serra and Puelles, 1994).

Although the additional discounts and promotions introduce a new monetary mechanism of transfers, between retailers and manufacturers also are conserved the classical roles of the channels of distribution, that is to say the manufacturer manufactures and the retailer sells. Private Brands, nevertheless, change the relation between retailers and manufacturers giving the retailers a double role as a “direct” customer of the manufacturer, as well as “competitor” in which refers to the final consumer.

The retailers can use the position of their Private Brands in the facing as a strategic element that reinforces its position in the negotiations with the manufacturer. Besides other motivations, this is one of the main for the launching of Private Brands by the retailers (conference on retailing sale of Paine Webber, to see Giblen 1993).

Here we have a more modern vision of the evolution of the distribution business and how the Private Brands are already considered like a strategic element of marketing. But not alone that, inside the importance acquired by this kind of brands it appears its merchandising as a new strategic element and fundamental in the relationship between retailer and manufacturer.

What does private brands mean?
Before starting to analyze the definitions, it is necessary to mention the large number of ways used to name this kind of brands. In many cases we are calling the same concept with different words.

This phenomenon is the same in Spanish:

- MARCAS BLANCAS
- MARCAS PRIVADAS
• MARCAS PROPIAS DE DETALLISTA
• MARCAS DE DISTRIBUIDOR
• MARCA DE ENSEÑA
• MARCA DE CADENA PROPIA
• MARCA EXCLUSIVA
• MARCA CEDIDA
• MARCA GENERICA (GENERICOS)
• PRODUCTO BANDERA
• CONTRAMARCAS

In English is more or less the same:

• STORE BRANDS
• OWN BRANDS
• OWN LABELS
• PRIVATE BRANDS
• PRIVATE LABELS
• RETAILLER’S BRANDS
• HOME BRANDS

(Puelles, 1991; Liria, 1996; Fernandez, R & Reinares, 1998)

In reference to the definitions we will mention only two, that are the ones that show a highest level of confusion. We are talking about:

White brands:
It is understood when the packing of the product has a single color and in the label it appears in a prominent form only the generic denomination of the product. (Fernández & Reinares, 1998)

Private brands:
Are those that dissociate to the brand of the manufacturers those that are produced by retailers who give it its name or another, different than the
one used by the manufacturer. Being this merchant the one who carries out the marketing efforts. (Serra, T & Puelles, J.A. 1993).

Overseas, at the end of the 80’s looked like they had clearer ideas than in Europe. Following the American Marketing Association we find the following definitions:

**GENERIC BRANDS:** Products which are named only by their generic class (e.g. drip-grind coffee, barber shop). Other products have both an individual brand and generic classification (Maxwell House drip-grid coffee, Maurice’s barber shop). Generic brands products are often thought to be unbranded, but their producer or reseller name is usually associated with the product too. This approach is usually associated with food and other package goods, but many other consumer and industrial goods and services are marketed as generics.

**PRIVATE BRANDS:** A brand that is owned by the product’s reseller rather than by its manufacturer. In rare instances, the reseller may be the manufacturer as well. The term is often associated with (1) advertised versus unadvertised brands (a private brand is most often unadvertised), and (2) national versus regional or local brands (a private brand is usually less than national). These distinctions have become clouded by large retail and wholesale organizations (e.g. Sears, Kroger, K mart, Ace) who advertise their Private Brands and market them nationally and internationally.

Also **PRIVATE (OR DISTRIBUTOR) BRANDS:** Brands that are the property right of middlemen in the channel of distribution; they may be sponsored by retailers, wholesalers, or cooperative buying groups.

**DISTRIBUTOR’S BRAND:** A brand that is owned and controlled by resellers (distributor) such us a retailer or wholesaler, as opposed owned by the manufacturer. The term applies only to the brand itself, not to the product or its content. Often called a private brand or private label, and (with exceptions such us Sears’ brands) is usually not advertised heavily. (See also private brand).
We can synthesize the present situation of Private Brands in:

- Changes in the role of the retailer, from mediation and delivering of product to brand and product management.
- Transformation of the product supply: from White Brands (small volumes, lower quality) to manufacturers’ brands and low prices.
- Nowadays: large product volumes of unique format and similar quality to the leader. The price is no more the competitive essential element, to focus in the optimization of the relation quality/price.
- Sophistication of the own brands with multiplicity of approaches of multiple levels offering a variety of both: product and stores. Three kinds of products can already be told:
  - Basic products to low prices -budget-.
  - Standard products that competes with the manufacturer’s brands -copycat-.
  - High standing products, for fussy consumers-fantasy-.

- The concentration of self-service outlets (large supermarkets, supermarkets and discount stores) makes the Private Brand product’s market share to grow.
- The development of the Private Brands, due to what it has been said, makes the manufacturers lose their capacity of innovation in the search of new markets.
- Supermarkets and hypermarkets increase the gap between them and the traditional stores with a market share that is 60.8 %, in Spain. (Gómez, Pérez and Sánchez, 2002).
- Private Brands oddly will be innovators of a category of products, since the increased price would be smaller if the product is easily imitable. (Scout & Zettelmeyer, 2000).
- Private Brands are a good tool against crisis. In the recent economic depression that has barely left the United States, these Brands not
only have kept its levels of business but have grown spectacularly. According to the group NPD, the sales of Private Brands in all the channels were of fifty-eight thousand million dollars or the 36%, of the national total of sales; hundred sixty-three thousand million dollars, in 2002. Relatively flat figure if it is compared with the preceding periods, significant figures if we compare it with the rest of sectors that only grew a 2%. During the last 5 years, the sales of them Private Brands grew a 5% (Brach, 2003).

– In the United States, one of each five products that was bought in supermarkets, large supermarkets and traditional was one of Private Brands, according to Private Labels Manufacturers Association (PLMA).

As we have been able to verify, the leap toward given by the Private Brands has been spectacular, passing from those primitive White Brands associated to products of low quality and low price, to the present Private Brands that have changed the distribution, that makes many manufacturers redefine their business and that have penetrated in the financial markets assimilated to the trash bonds of the 80’s. And what is more important, for us, they have opened a new and important gap in the reality of the Marketing.

The greater part of the analysts and, fundamentally, the American consultants, think that the phenomenon of own brands can suffer a certain remission in function of the degree of remission of the crisis (of the decade of the 90), although the point of return would be completely different from the departure, because of it, the manufacturers should be abstained to commit the error of not considering, independently, in the taking of their decisions this reality of them Private Brands.

Private brands in Spain
The apparition and subsequent development of the Private Brands, as already we have aimed, would have not been able without the existence of a
large volume of sales, as well as the evolution of the concentration of the retail channel (Puelles, 1991).

These changes were produced and today we are able to say that the distribution in Spain is characterized for three fundamental aspects: competitiveness, growth and concentration (Saws T. and Puelles, 1993).

**Statements**

With great profusion has been emphasized how the owners of Private Brands did not renounce to actions of marketing, similar to those used by the brand leaders. Though it is true there is a different “marketing mix”.

The experts believe that the equilibrium in the distribution channels is inclining in favor to the retailers. Professional and academics mention, as evidence, the growth of new discount concepts used in exchange for obtaining a greater place in the facing (Chu, 1992; Lariviere & Padmanabhan, 1997; Shaffer, 1991), the waves of promotions to the channel (Gerstner & Hess, 1991; Lal, 1990; Lal, Little, & Villages-Boas, 1996), and the proliferation of the brand’s distributor. These brands are around a 14% of the total American market and among the 20-30% of total sales of self-services in Europe (Quelch & Harding, 1996; Steenkamp & Dekimpe, 1997).

The distributor with own brand should carry out a merchandising activity which increases the sales and margin, without renouncing to the business of brand leaders. Merchandising activities of Private Brands were not over the 23% and when they did, they did it with a simple poster (81%). (Puelles, 1991).

In the evolution of the Private Brands, there are two different kinds of strategies that can be identified. Firstly, the strategies of Private Brands (they seek the identification between the name of the Chain and the product). In second place, we have the strategies of the brands that have a different name than the distributor (do not seek the identification between distributor and product through the brand, but through different strategies, incentiving the purchase of the product using techniques of merchandising, promotions or though the communication to consumer saying
that is a product selected by the own establishment (Fernández and Reinares, 1998).

Therefore our propose is to show:

**MAIN HIPOTHESIS**: The retailers with distribution brands, with the objective of increasing the gross margin of the products with these brands, tend to optimize its actions of marketing in the same markets that the brand leaders.

For the corroboration of this hypothesis we will proceed to contrast the following basic hypothesis.

In this new framework of negotiation between manufacturers and distributors, Private Brands are going to play a crucial role, the distributors are going to take the control of the marketing, or have full control in the facing, via merchandising, as an element of pressure in the negotiations with the manufacturer (Fernández and Gómez, 1999).

The greater part of the references with own brand are the middle in the facing (40%), being exceptional not permanent special positions, such as heads of gondola, islands, etc. (Puelles, 1991).

The space of facing dedicated to references with Private Brands in relation to the available space, is between 22% (average of the Alfaro stores) to 78% (in the case of Continente (both today vanished). (Puelles, 1991)

The good location of the private brands is guarantee inside the facing; does not have to pay reference expenses, besides, the retailer locates their brand to the right of the leader, given that the 90% of the people are right handed (Strong and Román, 1999).

The retailers are used to place its brand in a preferential place in the facing, normally in the shelves situated to the height of the eyes of the buyer and surrounded by the leader brand/s of the category. This way, the consumer is attracted by the leader brand of the facing, and detects the private brand so includes it as an alternative in the election process of the brand (Fernández, 2000).
So:

H1. Private Brands have, at least, equal length of facing than Manufacturer’s Brands, leaders of their category products.

H2. Private Brands have, at least, equal privileged position, in the facing than Brands of Manufacturers, leaders of their category products.

About the importance of the packaging it is perfectly explained by Given Leathers in its article about the perception of quality by the consumer in the election of a product with Private Brand vs. Brand of Manufacturer:

“The consumers see that the packaging has equal quality than the brand of manufacturer. That stimulates them to try it. And when the consumer has tried the product of Private Brand, finds out an equal or higher quality to that of the Manufacturer’s Brand” (Leathers, 2002)

The quality of the packaging of the Private Brand is perceived, by the consumer, as very similar to that Manufacturers Brand. (Puelles, 1991)

The most informative packing, many times, are a very valid ally in the development of Private Brands. This aspect is still little prominent in Spain and still less perceived by the buyers. The design of the packaging and the labeling depend on the project of the manufacturer that carries out it and, above all, is according to the built up of image of the distributor”. (Puelles, 1991)

Among the most positive attributes detected in Private Brands, are: the price (70 %) and the quality (20 %). On the opposite, in the negative side we have: scarce assortment (23 %) and the kind of packaging (23 %). (Puelles, 1991)

H3. The packing of food products in Private Brands is, at least, as attractive as the Brands of Manufacturers, in the judgment of the buyer-consumer.
Professional and academics cite, as evidence, the growth of utilization of new discount concepts in exchange to obtaining a greater space in the facing (Chu, 1992; Lariviere & Padmanabhan, 1997; Shaffer, 1991), the waves of promotions to the distribution channel (Gerstner & Hess, 1991; Lal, 1990; Lal, Little, & Villages-Boas, 1996), and the proliferation of Private Brands.

The cycle of a Private Brand can be synthesized in:

- Analysis of the assortment.
- Internal Communication.
- Selection of products and manufacturers.
- Determination of qualities.
- Adequate Price.
- Good distribution and locating.
- Definition of logo symbol.
- Packaging and adequate labeling.
- Advertising and Promotions.
- Design of products
- Increase of sales.
- Greater turnover
- Upper benefits.

(Puelles, 1991)

So:

**H4. The activities of communication (Posters, Promotions, Booklets, etc.) in the point of sale, carried out by Private Brands have, at least, the same intensity that them carried out by them Brands of Manufacturers.** (Hoch, 1996)

**Hypothesis corroboration**
To corroborate the hypothesis exposed, our investigation has been carried out on the basis of the periodic study that on Private Brands is done by the
Department of Comercializacion e Investigación, Universidad Complutense of Madrid, under management of Professor JA Puelles, the last wave – 16th has been utilized, pertaining to 2.003 (the field was carried out from November 25th to December 10th of 2.003). For the present investigation himself had had to work with 141.600 data, from the mentioned wave 16.

Geographically, this paper has been in the Autonomous Community of Madrid (more concretely at territory that covers the area Nielsen: Metropolitan Area of Madrid).

As already mentioned, we are going to refer ourselves always to food products and beverages.

**H1. Private Brands have, at least, equal length of facing than Manufacturer’s Brands, leaders of their category products.**

Great quantity of authors, as we have been able to verify along the present document, have referred to the priority that the distribution companies give to their brands, in the facing.

We have separated the brands called “First Price” in our analysis because, without entering the polemics about if they are Private Brands or not (for us they are), its behavior is very peculiar, even considering them private brands, since in this case, they have a character that could be considered defensive with regard to the private brand.

If we observe the room that occupies each brand in the facing and we classified it in 3 groups: more than 1/3, equal to 1/3 or less than 1/3, and in the other hand we consider: Private Brands, Manufacturer Brands and First Price, we can notice that Private Brands have the largest distribution of the space with a 48.5 % vs. a 20 % of the length of the facing that was dedicated to Manufacturers Brands. Being the 15 % the weight that had the First Price brands.
I mean that for each private brand that enjoys this privileged position of the facing, there exists 0.6 that occupy less facing, this relationship for Manufacturers Brand is of 1 out of 3 (2.9).

### Table 1. Distribution of the Facing space, depending of if it occupies more, equal or less than 1/3 (in %)

<table>
<thead>
<tr>
<th>CHAINS</th>
<th>PRIVATE BRANDS</th>
<th>MANUFACTURER BRANDS</th>
<th>FIRST PRICE BRANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt; 1/3 &lt; 1/3 &gt; 1/3</td>
<td>&gt; 1/3 &lt; 1/3 &gt; 1/3</td>
<td>&gt; 1/3 &lt; 1/3 &gt; 1/3</td>
</tr>
<tr>
<td>Auchan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrefour</td>
<td>42.75 36.73</td>
<td>20.95 13.43</td>
<td>20.24 14.33</td>
</tr>
<tr>
<td>Eroski</td>
<td>48.70 46.96</td>
<td>15.34 51.99</td>
<td>14.35 15.76</td>
</tr>
<tr>
<td>El Corte Inglés</td>
<td>35.54 26.89</td>
<td>19.99 19.19</td>
<td>15.99 16.35</td>
</tr>
<tr>
<td>Hipercor</td>
<td>46.12 17.18</td>
<td>12.11 19.90</td>
<td>12.11 19.90</td>
</tr>
<tr>
<td>Mercadona</td>
<td>56.71 27.89</td>
<td>21.39 30.31</td>
<td>21.39 30.31</td>
</tr>
<tr>
<td>Champion</td>
<td>38.83 23.74</td>
<td>20.81 23.46</td>
<td>18.82 17.35</td>
</tr>
<tr>
<td>Caprabo</td>
<td>24.24 26.05</td>
<td>15.90 21.63</td>
<td>15.90 21.63</td>
</tr>
<tr>
<td>DIA</td>
<td>65.62 18.74</td>
<td>39.61 26.03</td>
<td>19.49 20.73</td>
</tr>
<tr>
<td>Hiper/SuperSol</td>
<td>33.60 29.26</td>
<td>19.49 20.73</td>
<td>19.49 20.73</td>
</tr>
<tr>
<td>Consum</td>
<td>60.61 19.67</td>
<td>38.49 28.74</td>
<td>38.49 28.74</td>
</tr>
<tr>
<td>Plus Superdescuento</td>
<td>54.44 19.31</td>
<td>44.44 33.33</td>
<td>44.44 33.33</td>
</tr>
<tr>
<td>Lidl</td>
<td>84.93 6.62</td>
<td>67.77 7.44</td>
<td>67.77 7.44</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48.52 21.32</td>
<td>19.97 21.06</td>
<td>15.42 18.09</td>
</tr>
</tbody>
</table>

Graphic 1. Share (%), by chain, of brands with 1/3 or more of the facing

![Graphic 1. Share (%), by chain, of brands with 1/3 or more of the facing](image)
H2. Private Brands have, at least, equal privileged position, in the facing than Manufacturer Brands, leaders of their category products.

To answer the question that we have just formulated, we are going to keep in mind two different situations. Firstly, we will consider what we are going to call permanent elements, which are the places where the products are settle permanently or semi-permanently and, under the point of view of the merchandising, these positions are known as:

- Ceiling, maximum height. Upper part of the facing.
- Height of the eyes.
- Height of the hands.
- Floor.

Table 2. Share (%) of special merchandising elements MB vs PB

<table>
<thead>
<tr>
<th>CHAIN</th>
<th>CEILING</th>
<th>EYES</th>
<th>HANDB</th>
<th>FLOOR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PB</td>
<td>MB</td>
<td>PB</td>
<td>MB</td>
<td>PB</td>
</tr>
<tr>
<td>Auchan</td>
<td>5.2</td>
<td>17.1</td>
<td>30.6</td>
<td>27.6</td>
<td>51.4</td>
</tr>
<tr>
<td>Carrefour</td>
<td>8.5</td>
<td>14.5</td>
<td>62.1</td>
<td>22.7</td>
<td>23.6</td>
</tr>
<tr>
<td>Eroski</td>
<td>25.6</td>
<td>12.7</td>
<td>46.7</td>
<td>26.9</td>
<td>19.0</td>
</tr>
<tr>
<td>El Corte Ingles</td>
<td>29.5</td>
<td>13.7</td>
<td>56.5</td>
<td>22.6</td>
<td>9.7</td>
</tr>
<tr>
<td>Hipercor</td>
<td>8.5</td>
<td>16.1</td>
<td>53.3</td>
<td>22.3</td>
<td>28.3</td>
</tr>
<tr>
<td>Mercadona</td>
<td>7.6</td>
<td>13.7</td>
<td>29.5</td>
<td>30.6</td>
<td>41.2</td>
</tr>
<tr>
<td>Champion</td>
<td>11.9</td>
<td>14.6</td>
<td>53.7</td>
<td>24.5</td>
<td>24.9</td>
</tr>
<tr>
<td>Caprabo</td>
<td>3.4</td>
<td>6.0</td>
<td>34.1</td>
<td>27.7</td>
<td>42.5</td>
</tr>
<tr>
<td>Dia</td>
<td>6.8</td>
<td>7.7</td>
<td>24.2</td>
<td>28.6</td>
<td>33.8</td>
</tr>
<tr>
<td>Supersol</td>
<td>4.4</td>
<td>9.2</td>
<td>49.5</td>
<td>19.7</td>
<td>34.5</td>
</tr>
<tr>
<td>Hipersol</td>
<td>1.5</td>
<td>11.1</td>
<td>79.5</td>
<td>32.7</td>
<td>12.1</td>
</tr>
<tr>
<td>Consum</td>
<td>6.2</td>
<td>8.5</td>
<td>31.9</td>
<td>24.7</td>
<td>41.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9.2</td>
<td>12.5</td>
<td>41.8</td>
<td>24.8</td>
<td>32.1</td>
</tr>
</tbody>
</table>
And secondly there are those elements with an objective more ephemeral continuity objective and with a promotional character, we are referring to:

- Gondola end.
- Towers or Islands.
- Chimneys.
- Others.

The presentation in block: we recall the position that in some of the largest outlets milk can occupy, where the product is shown in units or boxes/displays of several units.

The most coveted position is occupied, clearly by Distribution Brands, almost the 42 % vs. 25 % of Manufacturer Brands.

On the other side, we have the Manufacturer Brands banished to more unfavorable positions as the ceiling or the floor.

First Price Brands are usually located at floor level and, as second choice, at hands height (contrasting with Private Brands, located at highest levels, as expected according to the doctrine).

### Table 3. Share (%) elements of special merchandising elements of FPB

<table>
<thead>
<tr>
<th>CHAIN</th>
<th>CEILING</th>
<th>EYES</th>
<th>HANDS</th>
<th>FLOOR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auchan</td>
<td>5.4</td>
<td>6.3</td>
<td>37.2</td>
<td>51.1</td>
<td>100</td>
</tr>
<tr>
<td>Carrefour</td>
<td>5.7</td>
<td>6.9</td>
<td>13.8</td>
<td>73.6</td>
<td>100</td>
</tr>
<tr>
<td>Eroski</td>
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<tr>
<td>El Corte Inglés</td>
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</tr>
<tr>
<td>Champion</td>
<td>14.3</td>
<td>8.6</td>
<td>5.7</td>
<td>71.4</td>
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<tr>
<td>Caprabo</td>
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<td>Dia</td>
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<td>Supersol</td>
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<td>Hipersol</td>
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<tr>
<td>Consum</td>
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<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>6.4</td>
<td>6.7</td>
<td>28.1</td>
<td>58.8</td>
<td>100</td>
</tr>
</tbody>
</table>

Referring to the main promotional elements we have:
In general terms, among these elements we can see a equilibrium among Manufacturer Brands and Private.

Manufacturers beat the limitations that they find in facing room buying these elements.

In the distribution world, these elements are marginal incomes in their P&Ls.

Concluding, we can affirm that Chains, not only dedicate more facing room to its brands, but besides they occupy the optimum positions of it.

**H3. The packing of food products with Private Brands are, at least, as attractive as the Manufacturer Brands, in the judgment of the buyer-consumer.**

For this phase of the investigation the information that has been used is the one collected in the before mentioned study, in its wave number 16. Here there are collected opinions about if the packaging of each category of product is considered better, equal or worst than the Leaders Brands.
In general terms, we can affirm that the perception of the buyers toward the quality of the packing is equivalent for Private Brands or Manufacturers, due to the 61.2 % of them were perceived as equals.

By Chains, packaging of Carrefour’s products are considered very close to the leader brands with 36.7%, being this Chain, Carrefour, the one that shows more favorable results.

What we have is that the product packaging of Private Brands are as good or even better in a 71.1 %. With this our hypothesis would be already corroborated, although given the age of them, we suspect that maybe in Private Brands (without considering White Brands) factor time may have influenced this phenomenon, that is why we decided to review the data of the 14th and 15th wave where own brand packaging were considered equal than the leaders ones by the 5.4% (year 2001); 6.9% (year 2002) and 9.9% (year 2003) in the last wave.

We can see a clear shift of opinions in favor to Private Brands packaging, the “worse” considerations remain more or less the same and, in

Table 5. (%) Packaging evaluation of Private Brands and First Price vs. Manufacturer Brands

<table>
<thead>
<tr>
<th>CHAIN</th>
<th>PB Better than leader</th>
<th>PB Equal than leader</th>
<th>PB Worst than leader</th>
<th>FPB Better than leader</th>
<th>FPB Equal than leader</th>
<th>FPB Worst than leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auchan</td>
<td>5.5</td>
<td>77.2</td>
<td>17.4</td>
<td>0.6</td>
<td>61.1</td>
<td>38.6</td>
</tr>
<tr>
<td>Carrefour</td>
<td>38.7</td>
<td>20.8</td>
<td>42.5</td>
<td>3.0</td>
<td>47.8</td>
<td>50.7</td>
</tr>
<tr>
<td>Eroski</td>
<td>6.1</td>
<td>18.3</td>
<td>75.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Corte Ingles</td>
<td>5.7</td>
<td>76.6</td>
<td>17.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hipercor</td>
<td>2.9</td>
<td>84.1</td>
<td>13.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercadona</td>
<td>5.5</td>
<td>74.2</td>
<td>20.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Champion</td>
<td>8.8</td>
<td>71.3</td>
<td>20.0</td>
<td>1.0</td>
<td>51.8</td>
<td>47.7</td>
</tr>
<tr>
<td>Caprabo</td>
<td>2.0</td>
<td>72.0</td>
<td>26.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIA</td>
<td>3.5</td>
<td>63.5</td>
<td>33.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hiper/Supersol</td>
<td>4.8</td>
<td>56.2</td>
<td>39.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consum</td>
<td>5.5</td>
<td>75.0</td>
<td>19.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus</td>
<td>4.3</td>
<td>52.2</td>
<td>43.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superdescuento</td>
<td>15.8</td>
<td>64.7</td>
<td>19.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>9.9</td>
<td>61.2</td>
<td>28.9</td>
<td>1.9</td>
<td>51.8</td>
<td>47.2</td>
</tr>
</tbody>
</table>
merchandising of private brands vs manufacturer brands

Packaging considered “equal”, as time goes by they get better than the ones of Manufacturer Brands. (We should understand for packaging quality the attraction that the consumer perceives from it).

Therefore we can say that Private Brands have their packaging slightly more attractive than leader brands and that as time goes by that difference in their favor will be increased.

**Graphic 2. Quality Perception of the PB packaging vs. the leader**

With this our third hypothesis is corroborated.

**H4. The activities of communication (Posters, Promotions, Booklets, etc.) in the sales point, carried out by Private Brands have, at least, the same intensity than the ones carried out by Manufacturers. Brands**

Finally, we will study another of the essential elements of the communication in the point of sale, the material of merchandising: POS (Point Of Sales Materials), etc.
For our goals, we have grouped all these materials in the following groups:

- Booklets
- Posters
- Advertising in the sales point.
- Tasting
- Others

There are not significant differences, and if there are, they are in favor of the Private Brands, related to materials more properly of merchandising actions. But it is the opposite when we are considering those elements which are closer to Advertising (Booklets and indoor advertising – in the store-) where the difference is favor of Manufacturer Brands: booklets 66.4% vs. 33.3 % and indoor advertising 56.6 % vs. 11.0 %. Something no astonishing, if we considering that as defensive actions used by manufacturers to fight against to the prepotency of Private Brands in the facing.

Table 6. Elements support of Merchandising used by PB, MB and FPB

<table>
<thead>
<tr>
<th>CHAIN</th>
<th>BOOKLETS</th>
<th>ADVERTISING POINT OF SALES</th>
<th>POSTERS</th>
<th>TASTING</th>
<th>OTHERS</th>
<th>SIN PROMOCION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PB</td>
<td>MB</td>
<td>FPB</td>
<td>PB</td>
<td>MB</td>
<td>FPB</td>
</tr>
<tr>
<td>Auchan</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
<td>72.7</td>
<td>27.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Carrefour</td>
<td>30.0</td>
<td>66.7</td>
<td>3.3</td>
<td>36.1</td>
<td>49.4</td>
<td>14.5</td>
</tr>
<tr>
<td>Eroski</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>50.0</td>
<td>50.0</td>
<td>0.0</td>
</tr>
<tr>
<td>El Corte Ingles</td>
<td>91.7</td>
<td>8.3</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Hipercor</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Mercadona</td>
<td>71.4</td>
<td>28.6</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Champion</td>
<td>27.6</td>
<td>72.4</td>
<td>0.0</td>
<td>2.8</td>
<td>41.7</td>
<td>55.6</td>
</tr>
<tr>
<td>Caprabo</td>
<td>26.7</td>
<td>73.3</td>
<td>0.0</td>
<td>10.0</td>
<td>90.0</td>
<td>0.0</td>
</tr>
<tr>
<td>DIA</td>
<td>61.9</td>
<td>38.1</td>
<td>0.0</td>
<td>61.9</td>
<td>38.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Hiper/Supersol</td>
<td>6.3</td>
<td>93.8</td>
<td>0.0</td>
<td>8.3</td>
<td>91.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Consum</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Plus</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Superdescuento</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Lidl</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTALES</td>
<td>33.3</td>
<td>66.4</td>
<td>0.3</td>
<td>32.4</td>
<td>56.6</td>
<td>11.0</td>
</tr>
</tbody>
</table>
Methodology
For the development of our investigation, we have based ourselves on the Private Brands Laboratory that carries out the Department of Commercialization and Market Research in University Complutense of Madrid, whose characteristics are:

1. **Geographical Area**: Madrid metropolitan area, in Nielsen terminology, and referred to the Food and Beverages sector.
2. **Field Works date**: All and each one of the last years, in the last days of the month of November and the first days of December.
3. **Chains investigated**: Alcampo (Auchan), DIA, El Corte Inglés, Hipercor, Eroski, Champión, Carrefour, Caprabo, Comsum, Mercadona, Supersol/Hipersol, Plus Superdescuento y Lidl.
4. **Universe**: Metropolitan Area of Madrid, representative in population, available income and sale of Private Brands over the total of Spain.
5. **Sample**: Hypermarkets, investigating the totality of its stores, and supermarkets, in which a fully representative sample is analyzed to get a significant statistical level.
6. **Questionnaire**: it is made of two parts: About products and about buyers. Data are collected about manufacturers, price, packaging, promotion, placement, place in the facings and kind of promotional activities. About the section of buyers, the data are collected in a eminently quantitative way and referred to motivations, habits and attitudes.
7. Sample characteristics:
Error 3.28 % with confidence Interval 95.5 %

Conclusions
There are three fundamental topics in modern label brands in Spain:

- Competitiveness
- Growth and
- Concentration

With great profusion has been emphasized how the owners of Private Brands did not renounce to actions of marketing, similar to those used by the brand leaders. Though it is true that with a different “marketing mix”

The distributor with own brand should carry out a merchandising activity which increases the sales and margin, without renouncing to the business of brand leaders.

Private Brands have, at least, equal length of facing than Manufacturer’s Brands, leaders of their category products.

Private Brands have, at least, equal privileged position, in the facing than Brands of Manufacturers, leaders of their category products.
In general terms, we can affirm that the perception of the buyers toward the quality of the packing is equivalent for Private Brands or Manufacturers, due to the 61.2 % of them were perceived as equals.

The activities of communication (Posters, Promotions, Booklets, etc.) in the point of sale, carried out by Private Brands have, at least, the same intensity than the ones carried out by Manufacturers Brands.

Bibliography


