

Practice of creation of private labels by the largest Russian retail chains

<https://marketpublishers.com/r/PFE4DD0D759EN.html>

Date: January 2007

Pages: 36

Price: US\$ 960.00 (Single User License)

ID: PFE4DD0D759EN

Abstracts

Methods of the research

The information used in this research has been obtained by means of the method depth interview with representatives of retail trade networks, which develop or are going to develop own private labels. Interviews with well-known owners of private labels, as Sedmoi Kontinent (The Seventh Continent), Kopeika (Copeck), Azbuka vkusa (ABC of Taste), Victoria (networks Kvartal (Block of Buildings), Victoria, Dioshevo (Cheap)), SPAR, Lenta (Band), «O.K.», Nakhodka (Find), Grossmart (chain-stores Billa, Prodmag (Grocery Store), Raiden, Apelsin (Orange)) and series of regional chain retailers.

Moreover, we have used information regarding private labels of Russian retail chains, which has been published in the Internet and mass media.

Abstract

Today the private label is an everyday topic. Printed and electronic mass media cite data from the international research by AC Nielsen, which evidence that this enigmatic phenomenon walks all over the world. According to the research the share of foodstuff sales under private labels arrives at 45% in several countries and in some large retail chains the private label production makes up to 95% of their turnover.

However, there is still no commonly accepted term for designation of this branding strategy in the Russian business practice. The concepts of „private label”, „own label” and „private label” (in English, without translation into Russian) are used.

Nowadays retail chains are developing the line of private labels actively. Practically all retailers of federal level Piatyorchka (Mark Five), Perekriostok (Crossroad), Sedmoi Kontinent (The Seventh Continent), Kopeika (Copeck), Dixie, Paterson, Metro, Spar, Ramstore, Mosmart, «O.K.», Kvartal (Block of buildings), Grossmart), many Moscow (Ashan, Billa) and St.-Petersburg (Lenta (Band), Nakhodka (Find)) chain retailers already have items under the private label. The majority of chains of regional level also form their private labels, for example Kupets (Merchant) (Ekaterinburg), SemYa (Family) (Perm), Matrix (Ufa), Bakhetle and Edelweiss (Kazan), Victoria (Kaliningrad) and others.

From experience of trade companies all over the world we know that the share of private labels in the foodstuff group is higher than in other commodity groups. The subject of investigation of «Proriv» is private labels of retail chains in the foodstuff segment.

Thus the subject of the research is practice of creation of private labels by the largest Russian retail chains. The report represents major strategies, which use retail trade chains for creation and development of private labels.

Contents

Introduction

Part 1. Tendencies in development of the private labels segment in the Russian retail

I. Private labels in the world

II. Private labels in Europe

III. Private labels in Russia

IV. Private labels in the Ukraine

Part 2. Practice of creation of private labels by the largest Russian retail chains.

I. Benefits which retailers gain by creation and development of private labels

1. Development of private labels provides the retail chain increase of profitability

2. Private labels contribute to forming of consumers` loyalty to the store brand

3. Promotion of competitive power of the retail chain

4. Development of private labels makes retail chains more independent from suppliers

5. Private labels constitute fictitious assets of the retailer, which raise capitalization of the company

II. Strategies of development of private labels

1. Development of private labels with the name of the chain

2. Development of private labels with another name

3. Development of individual private labels

4. Varied approach to development of private labels, when for each price segment or line a label is assigned

III. Strategies of price positioning of private labels

1. Development of private labels in the lowest price segment
2. Development of private labels in the medium price segment
3. Development of private labels parallel in several price segments
4. Trials to create private labels in the premium segment

IV. Strategies of choice of commodity groups for development of private labels

1. Choice of commodity groups possessing low loyalty of consumers to the brands, i.e. where consumers pay more attention to properties of items than to image characteristics of a brand
2. Choice of commodity groups with long shelf-life
3. Choice of commodity groups with a large advertisement budget
4. Choice of commodity groups with „substandard” risk to face with low-quality goods

Chart 1. Variation in prices between private labels and brands of manufacturers by different commodity groups.

Table 1. Shares and rate of sales growth of private labels by commodity groups, in value.

Table 2. Relation between the concentration level of retail trade and the shares of private labels in retail trade.

Table 3. Share of sales of the goods under private labels in the turnover structure of the largest Russian retail chains. Estimation by representatives of the companies.

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