

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



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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.

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