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CEMS Business Project Report
Winning with Private Label Brands in Denmark and China: Roadmaps for Strategy and Execution

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Abstract

Winning with Private Label Brands in Denmark and China: Roadmaps for Strategy and Execution

Private label brands (PLBs) are developing at tremendous speed in today’s global retail market. This Business Project analyzes country retail and PLB development at the global scale in order to identify trends and figure out how the level of retail development of a specific country impacts PLB maturity. The practical objective is to define a roadmap to develop retail strategies in countries of different maturity. Two countries, of different maturity levels, were chosen for this analysis. Research reveals there doesn't exist a one size-fits-all strategy and that careful attention needs to be paid to contextual differences and consumer perception when developing PLBs around the world.

Four key words: Daymon, Private Label, Retailers, FMCG
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1 - Context

1.1 Client

Daymon Worldwide is a global firm that provides end-to-end services focused on private brand development, strategy and branding, sourcing and logistics, retail merchandising services and consumer experience marketing. Founded in 1970, the founders envisioned the transformation of private label brands (PLBs) from low priced and undifferentiated to becoming strategic brands that give retailers a competitive advantage (Daymon Worldwide, 2012). Today, Daymon Worldwide continues to defend its vision and is a global leader, working with over 100 leading retailers around the globe (ibid.). The company provides its services through five different business units, all organized under the same corporate umbrella (see figure 1 below). This project was conducted under the supervision and directed towards the Galileo Global Branding Group, which is responsible for strategy and branding.

(Figure 1. The five business units. Source: Internal company presentation.)
1.2 Market Overview

Retail has experienced tremendous change over the last several decades. Due to technological and transportation advances, *modern retailing* shows considerable advances in productivity, convenience, price and product variety (Broonenberg & Ellickson, 2015). Because of this, and due to consumers constantly demanding new products at lower price and in timely fashion, PLBs were introduced and can be defined as “brands owned by a retailer or wholesaler” (Hyman, Kopf, & Lee, 2009, p.369). PLBs give retailers the opportunity to increase margins, increase product line offerings and respond to consumer tastes (Deloitte, 2015).

Over the past years PLBs have grown at a tremendous pace. A majority of this growth has been a product of the change in consumer behavior due to the 2008 global financial crisis (mainly in the United States and European markets). Although consumers are buying as much as ever, they are changing from branded products to lower priced alternatives. The interesting fact is that customers stick to these brands, after a positive experience, even after the crisis ended. Retailers have generated high margins from customers of all income levels and now have an opportunity to build customer loyalty and brand equity (Perry & Spillecke, 2013).

1.3 Current Client Situation

Daymon Worldwide helps their “retailer customers and supplier partners drive profitable growth through customized retail brand building and sourcing solutions” (Daymon website). Currently, Daymon Worldwide spans the globe, with more than 200 offices, working with more than 6000 manufacturers and 100 retailers in 51 countries, on six continents (Daymon Worldwide, 2012). In order to build successful strategies adapted to each context, Daymon Worldwide needs to analyze both the
macro (economical, political, technological) and local environment (distributors, suppliers, competitors, consumer preferences). The goal of this is build PLBs and in turn achieve retail differentiation that drives growth and customer loyalty. This is done by their six-step approach: understand needs, identify opportunities, develop plan, bring the plan to life, customer engagement, measure and optimize. This project will focus on their first three steps: understanding needs and opportunities as well as development of a plan (strategic road maps).

1.4 The Business Project Challenge

PLBs have gained a great deal of steam over the last decades due to multiple factors: evolution of retail industry, retail technology, and changing economic environment. This in turn has enabled PLBs to be a strategic driver for retailers to increase their margins and differentiate themselves (Bronnenberg & Ellickson, 2015). PLBs themselves have also evolved, from basic product and low prices to valuable and strategic brands that go head-to-head with leading brands. However, this advancement has not occurred everywhere at the same pace. Some countries are more advanced than others. For this reason retailers, that want to develop PLBs, need to adapt to the specificities of each market in order to build successful strategies.

A well-defined PLB strategy is critical for the execution of a PLB program. In order for Daymon Worldwide to develop successful PLB strategies when advising retailers in new markets, it is necessary to consider the retailer positioning and all the potential external factors impacting the brand performance. There is a current lack of roadmaps aimed at building PLB strategies, considering different stages of retail and PLB maturity, which might impede the implementation of successful strategies. Hence, the following problem statement guided the analysis in this project: How does
the level of retail development of a specific country impact the private label brand maturity of that country and how can roadmaps for retailers at different maturity levels be defined?

2 - Academic Discussion

2.1 Links with Management

This Business Project builds on a theoretical foundation from in Strategic Management. Tools, frameworks and models from strategic management theory support the understanding of industry analysis as well as the components of devising corporate strategies.

The field of strategic management is centered around the analysis of the internal and external environment and in particular the core concept of competitive advantage, i.e. “the degree to which a firm creates more economic value than rival firms in a given product market” (Maritan & Peteraf, 2014). Developing successful PLB strategies, has become key for retailers to create competitive advantage. PLBs help create competitive advantage through increased profit margins, increased market power, and potentially improved customer loyalty, which is pivotal in a competitive market with nearly nonexistent switching costs as in retailing.

2.2 Relevant theories and empirical studies

In order to fulfill the objective of this Business Project – developing strategic roadmaps for the creation/improvement of PLB strategy in two countries – it was necessary to understand what strategy is and is not. The term “strategy” is hard to define as it is constantly used about everything: “Strategy has become a catchall term
used to mean whatever one wants it to mean” (Hambrick & Fredrickson, 2005, p.52). Examples of this misuse of the concept of strategy include the narrow use of specific analytic tools such as five forces, core competencies, value chains etc. or to misinterpret strategy as being nearly all kinds of choices a CEO must make. According to Hambrick and Fredrickson (2005), strategy is the central, integrated, externally oriented concept of how the business will achieve its objectives.

A key component of strategic management to understand the underlying logic of PLBs is the concept of vertical integration. According to Teece (2014), the concept can be defined as follows: “Vertical integration involves a single company having ownership and control of two or more stages of the supply chain, such as manufacturing and distribution, or components and assembly.” (p.1). Thus, retailers who introduce PLBs pursue vertical integration, as they move from only owning and controlling the distribution stage to owning and controlling both manufacturing and distribution. Pursuing vertical integration provides the benefits of increasing market power and profit margins. On the other hand, it also includes the risk of conflicts with the suppliers (i.e. national brands), as the retailer becomes a competitor to its own suppliers.

After analyzing the project’s findings, it is understood that PLB's in different countries are at different development stages. Understanding these stages is then key for defining brand strategy and brand architecture from the 3-D approach (see appendix I for explanation of 3-D approach) this project followed. In the early days of PLBs, they were only found in generic products and value segments; “retailers used to position private label products at the bottom of their shelves and at the bottom of their price architecture” (Perrey & Spillecke, 2013, p.95). As PLBs have developed, they have become much more differentiated, and today they can be found in almost all
categories and price segments. Four distinct types of PLB strategy have been identified across markets – also known as the four generations of private labels – with different attributes and objectives (Perrey & Spillecke, 2013):

- 1st generation: Generics
- 2nd generation: Value
- 3rd generation: National Brand Equivalents
- 4th generation: Premium/Niche

For the first and second generation PLBs, focus is on improving the perception of value-for-money, while brand perception and image is only of secondary importance (Perrey & Spillecke, 2013). For third and fourth generation PLBs, the contrary is the case. The nature of these PLBs are more strategic than tactical, as they challenge leading national brands on differentiation and quality, while providing the retailer with higher profit margins than A-brands (Perrey & Spillecke, 2013). These distinctions are confirmed by practice, as recent market research by Deloitte show that although the majority of retailers still develop PLBs with the objective of creating lower priced alternatives (i.e. 1st and 2nd generation), the second most important – and fastest growing – objective is to establish exclusivity and differentiation (i.e. 4th generation) (Deloitte, 2015).

2.3 Implications for theory and future research

Having a clear definition of strategy, as by Hambrick and Fredrickson (2005), supports the development of strategic roadmaps, by ensuring a strong focus on the objectives and how to achieve them, rather than confusing strategy with analytic tools or isolated branches of the business environment.
When retailers develop PLBs through vertical integration they must find a way to limit the negative side affects. This implies, from a strategic management point of view, for retailers to control their ‘bottleneck assets’ – i.e. assets that are not readily available in the market or easily replicable – is the critical point for vertical integration (Teece, 2014). In the case of retailing, the bottleneck asset is the distribution channel; this is why retailers have been able to successfully introduce PLBs without facing critical resistance from its suppliers. A future topic for this discussion is to understand the cause of the bottleneck. Does this have to do with lack of competition? In addition, it would be interesting to understand how A brands can overcome this large hurdle.

Lastly, the four-generation model categorization of PLB, helped guide the development of strategic roadmaps for the two subject countries of this project, as it defines the objective of the PLBs based on the maturity level of the markets. This is a very interesting topic for future research. The 4-generation model as previously discussed ends at the fourth generation. This leaves research to be made for the unknown future and what the 5th generation may be (e.g. virtual reality shopping). Surging technologies, such as virtual reality, may have huge impacts on online shopping and customer experience. Understanding how to adapt virtual strategy PLB development would be of great interest to retailers worldwide.
3 - Reflection on the Work Done and Individual Contribution

3.1 Problem Definition

Daymon Worldwide has to take into consideration not only the country and retail development but also the differences in PLB development in that country. In addition, the retail development and PLB development will be influencing each other to a certain degree. Hence, the company faces the need to quantitatively define this connection and to develop roadmaps for retailers in countries with different maturity levels, which can be summarized in the following problem statement:

**Problem statement:**

How does the level of retail development of a specific country impact the PLB maturity of that country and how can roadmaps for retailers at different maturity levels be defined?

In order to assist Daymon Worldwide in developing well defined and successful branding strategies in key markets, the following research questions were formulated to guide the research and analysis in this study.

**Research questions:**

1. How can country retail maturity and PLB maturity be defined?
2. How are country retail maturity and PLB maturity correlated?
3. How can countries worldwide be positioned in terms of country retail maturity and PLB maturity?
4. Focusing on two specific countries, how can country retail and PLB development be assessed?

5. Focusing on two specific countries, how do consumers perceive PLBs?

6. How can PLB strategies be defined for different retail maturity levels?

3.2 Methodology

In order to find answers to the above problem statement and the more specific research questions, the following research report was separated into three subparts. These subparts help understand the step-by-step approach taken throughout the research paper.

Methodology - Part 1 – Defining country retail maturity and PLB maturity

The first subpart was to establish a clear definition for both country retail and PLB maturity. Since there are no direct measurements for either concept, key performance indicators (KPI’s) were used to help indicate the level of maturity in the best form possible. As a result, country retail maturity was defined by retail concentration, penetration of modern grocery and sales per capita while PLB maturity was defined simply by PLB penetration. In addition to this, multiple macroeconomic KPI’s were used to further understand country retail maturity and possibly be used for predictive purposes. Furthermore, correlation and linear regression analysis were then performed to understand any direct influences between all the KPI’s just discussed.

This first subpart used secondary data from external databases for macroeconomic, country retail and PLB maturity variables. Due to missing data for some variables, all data was collected for the year 2013 as to make it comparable and result in more accurate finding. Data sources were chosen in collaboration with Daymon and were carefully evaluated in terms of accuracy and dependability.
Methodology - Part 2 – Ranking countries according to maturities

For the second subpart, using data from 48 countries, two separate ranking systems based on maturity levels (one for country retail maturity and another for PLB development) were constructed (see appendix C for rankings).

For country retail maturity, the values of the country individual rankings of the three KPI’s chosen above were averaged for each of the countries, while PLB maturity simply used its only KPI ranking. Both rankings were divided into three levels of maturity (low, medium and high), which was defined by establishing cut-off values at different levels (see appendix C). Splitting the ranking system into maturity levels helps analyze global trends and helps Daymon to have a starting point when starting strategic analysis to countries with similar rankings. For this reason, the two countries of detailed analysis (subpart 3) had very distinct maturity levels.

Methodology - Part 3 – Analyzing Denmark and China

Lastly, two countries were chosen, Denmark and China, and were analyzed in depth in terms of their country retail and PLB development and the consumer perceptions of PLBs. The purpose of this analysis is to build a strategic roadmap for both countries that will later be discussed in recommendations.

These countries were chosen due to their distinct maturity level but also due to consideration of market accessibility, given the nationality of team members. The analysis was mainly conducted through the means of primary research in form of a survey with the objective of measuring consumer perception (see appendix F for survey questions). Questions in the survey scoped from customers general consumable shopping preferences, their understanding of PLB, familiarity with PLB brands, category preferences in PLB, to buying criteria importance. For this subpart,
secondary data was mainly used to further understanding of country retail environment and PLB development.

3.2.1 Hypotheses

The three subparts explained above were developed with certain hypotheses in mind.

_Hypothesis – Part 1 - Defining country retail and PLB maturity_

One of the KPI’s for retail maturity, retail concentration, represents the aggregated market share of the top three retailers within modern trade. Studies have shown a positive relation between the top three retailers and the country’s retail maturity as it “signals both market power of retailer in the marketplace and their negotiation power” (Cuneo, 2015, p. 74). Another KPI used for country retail maturity was penetration of modern grocery. This is calculated by dividing the market size of modern grocery retailers (supermarkets, hypermarkets, discounters and convenience stores) by the total market size of grocery retailers (which accounts for traditional retail trade). Since only modern retailers sells PLBs, a minimum penetration of modern retailers must be present for PLBs to develop (Cuneo et al., 2015, p.75). Thus, it is assumed that the higher penetration of modern grocers translates to higher country retail maturity. Lastly, retail sales per capita helps indicate how attractive the retail market is, which is likely to imply larger investment amounts by retailers. Thus, it is assumed that a high retail sale per capita implies higher country retail maturity.

PLB maturity on the other hand was solely defined by PLB penetration. Thus, the paper assumes higher the PLB penetration is, the higher the PLB development of the country will be as well.
Hypothesis – Part 2 - Ranking countries according to maturities

The ranking system developed around countries that were both developed and developing. This paper assumes that developed countries (e.g. Europe, North America and Pacific) are expected to have a higher maturity level for both country retail and PLB development. The contrary is to be expected for developing countries (e.g. Africa, Middle East, Asia and Latin America).

Hypothesis – Part 3 – Analyzing Denmark and China

Following the previous hypothesis, it is expected that Denmark (highly developed country) have higher maturity in both country retail and PLB development than China (developing country). Because of this, it can be hypothesized that the in-country analysis for Denmark will indicate a different strategic roadmap for PLB brands than China. Taking this reasoning and using the 4-generations model (see appendix E), where high maturity countries like Denmark should pertain to a 3rd or 4th generation, while China would pertain either to the 1st or 2nd. This would mean that it is likely for Denmark to pursue PLB brands in a more strategic then tactic way, as they challenge leading national brands on differentiation and quality, while providing the retailer with higher profit margins than A-brands (Perry & Spillecke, 2013). On the contrary, China would focus on improving the perception of value-for-money, while brand perception is only of secondary importance (Perry & Spillecke, 2013).

3.2.2 Analysis and Findings

Analysis and Findings – Part 1 - Defining country retail and PLB maturity

After defining country retail and PLB maturity, statistical analysis was conducted. Based on correlations, it can be said that all the dimensions used in this report (macroeconomic, country retail and PLB KPIs) indirectly influence each other.
Country retail maturity for example showed moderate/strong positive correlations with macroeconomic factors such as internet usage, household consumption expenditure per capita, consumer expenditure per capita on housing and food, ease of doing business and development of logistic infrastructure (see appendix A for full correlation table and values). Looking at PLB maturity, correlation results showed a moderate positive relation with country retail maturity, being positively influenced by modern grocery penetration and retail sales. These correlations can be seen as predictive measures to calculate maturity in the future. However, it is important to note that only a part of country retail and PLB maturity is explained through hard KPIs. Soft immeasurable variables also play a large role (e.g. culture, consumer behavior etc.). In addition to this limitation, linear regression shows how the statistical model does not explain either country retail maturity of PLB development to its entirety (See appendix B of linear regression analysis). In all, it is important to keep an eye on some KPI’s as they can be used as predictive measures for country retail maturity (as with country retail maturity KPI’s on PLB development). However, this must be seen with great caution, as it may not show reality.

*Analysis and Findings – Part 2 - Ranking countries according to maturities*

As the hypotheses suggested, country retail and PLB maturity vary greatly between the developed and developing countries. PLB maturity in developed countries, for example, shows a PLB share above or equal to 15%, while developing countries are generally below 10% (Nielsen, 2014a) (see appendix C). Interesting as well is seeing the PLB share growth from 2009 to 2013 (see appendix D). This data shows how European countries PLB growth has been increasing, North America growth has been stagnant (due national brands focus on promotion and innovation), increases in Latin America (especially in Colombia and Chile), Asia’s growth
decrease (due to many health scandals), and non-existent growth in Africa and Middle East (PLB in an infant stage due to economic and political instabilities) (Nielson, 2014a). Similar patterns are shown for country retail maturity.

As expected, we find a high maturity level for Denmark (6th in country retail maturity and 10th in PLB development), while China is ranked in low maturity level (43rd and 48th, respectively).

Analysis and Finding - Part 3 – Analyzing Denmark and China

As hypothesized, Denmark and China differ significantly in terms of both retail maturity and private brand development. When looking at the Danish retail industry, modern grocery is highly advanced and constitutes 54.6% of total grocery retail. The market is very consolidated, with two national retailers are undisputed market leaders (Coop Denmark A/S and Dansk Sumerpmarked A/S capture 61% of total retail value) (Euromonitor, 2016a). Independent small grocers are decreasing and discounters have observed the strongest value growth in the retail market due to their wide presence and accessibility. Advertising focuses on price promotions and discounts and there is an increasing interest in a quality shopping experience. Lastly, it’s important to note the ongoing health trend in Denmark to which retailers have adapted to. In China the retail environment is quite different. Small traditional retailers are still growing due to consumer preference for timesaving purchases in small supermarkets or convenience stores. In addition to this, the retail market is highly fragmented and has multiple individual players. Internet retailing in groceries, however, is growing dramatically. Due to the country’s retail potential, many large international retailers are entering the market.

When looking at the Danish PLB development, PLBs are highly mature and widely produced in Denmark. Product categories today include a wide range of
different categories. Organic and premium PLB products are increasingly more established and bought by supermarkets. Lastly, furthering the marketing consolidation in the retail industry, the top three PLBs sold are owned by Dansk Supermarked.

In China, as expected, PLBs are underdeveloped and are still a new concept. The awareness is very limited and the PLB focus is on basic products, with limited assortment. In addition, most PLBs are very low price with unattractive packaging. Consumers are often skeptical of small discount brands due to food safety concerns.

Based on consumer surveys (see appendix G for Danish survey results), it can be seen that Danish people value price and quality of private brands. In buying criteria, perceived quality (45.20%) and price charged (42.90%) were the most important. Danish consumers are bargain hunters and will always try to find the best deal available. The acceptance of premium/niche PLBs also shows acceptance as 2/3 of consumers viewed organic and premium PLBs as inexpensive. Looking at the brands most bought, Danish consumers show their price sensitivity (Budget 41%) but also show that high quality PLBs are also likely to fall in their baskets (Levevis 38%).

In addition to this, the survey showed overall high acceptance across PLB categories although some categories are bought more than others (e.g. home care; tissues and hygiene, and packaged food). This implies that retailers should cover either many categories or focus on a specific one for positioning. Above all, it is important to emphasize consumer’s preferences for healthy, local and organic products.

Based on the Chinese consumer surveys (see appendix H for Chinese consumer survey results), the data shows that Chinese consumers look for safety and quality (e.g. buying criteria) in PLBs. Due to several health scandals, the safety concern is of extreme importance. The survey also suggests that there is a large
potential for growing in the high quality segment in China. Consumers buy very few PLBs, but 68% believed they would buy and pay more for PLBs if it were of higher quality. As for categories, tissues and hygiene, home care and packaged foods were the most sought after. China should start with these basic product categories, as this is what the consumer expects. In addition, PLBs that are named after a specific and well-trusted retailer have the highest awareness among consumers. Thus, retailers should name products after themselves to obtain customers’ trust when evaluating the product.

### 3.3 Recommendations to the Company

In order to structure the strategic roadmaps and recommendations for PLB development, the 3D approach was introduced. This approach entails three distinct phases of building and managing successful PLBs: (1) Define brand strategy and architecture, (2) Design category structure, and (3) Deliver on brand building and portfolio management (Perrey & Spillecke, 2013). At the third step, the specific marketing mix needed to execute the PLB strategy was elaborated with regards to key factors such as product, price, place and promotion.

For the Danish market, a brand strategy focused on developing a premium/niche PLB with a value proposition of affordable, high quality, locally produced, organic products is recommended. The recommended brand architecture is to use an individual brand (an individual brand for each of the categories), in order to drive competitive differentiation, build customer loyalty, and ensure potential for cross selling between different retailers owned by the same holding retailer. For designing the category structure, a three-step approach is recommended, in which the PLB is launched in the most popular categories to begin with, before it starts
venturing into other categories and finally expands to cover all categories as a strong, holistic brand. In order to execute this strategy, products should be focused on natural, healthy and premium features for the busy everyday life. Pricing should cater to the bargain hunting nature of Danish consumers, while also indicating premium quality. In the stores, the PLB should be placed according to the $3x$ right principle, while the growth of online grocery shopping should be taken into account as well. Promotion is recommended to emphasize the use of special offer flyers, social media and sport events, in order to create awareness, interest, desire and action among consumers.

For the Chinese market, a brand strategy should focus on taking the development of PLBs to the next level. Thus, a value proposition of *everyday products* of good quality at reasonable price is the core of the strategy, as it enables PLBs to gain popularity among the price conscious, safety concerned Chinese consumers. The brand architecture should employ an umbrella brand, as it ensures greater recognition and credibility, while increasing communication efficiency in the underdeveloped, fragmented market. Designing the category structure should focus on basic product categories to build acceptance and trust, before slowly expanding to adjacent categories and experimenting with new potential categories. In order to successfully execute the PLB strategy, the marketing mix should be focused on basic products of good quality, to overcome safety concerns. Pricing should be affordable rather than the lowest possible, as discount prices are associated with low quality and safety concerns. Placement in stores should adhere to the $3x$ right principle as in Denmark, as well as taking into account the growth of online shopping. Promotion should be particularly focused on educating consumers through online platforms, colorful packaging with informative labels, and point-of-sales displays.
communicating quality and safety, to create acceptance and trust among the consumers.

While the price consciousness of consumers leads to the suggestion of affordable prices in both markets, most recommendations, and especially the brand architectures and product features, are different in the two countries. The clear arguments for why certain strategic decisions were taken in the specific countries, point towards the conclusion that PLB strategies need to derive from in-depth country and consumer analyses and generalization of strategies for high or low maturity countries cannot be made. Clearly, there is no one-fits-all strategy in PLB development. This is not to say that the previous work was useless. The previous work helps give a good sense of direction when analyzing a country and developing strategies for retailers in that country. However, all should be done with a grain a salt.

3.4 Concerns

Although this report presents clear findings it is important to understand the various limitations it contains.

One of the major limitations of this project derives from the inability to directly measure various soft KPI’s (e.g. consumer behavior, culture) to help measure maturity. In addition to this, many more hard KPI’s could have been used to define the variables at hand. However, due to data availability and budget, only three KPIs were used to define country retail maturity and one was used for PLB development. Furthermore, it was assumed that equal weights were given to all three variables when designing the rankings of country retail maturity. The data collection process for these variables used secondary data from the year 2013. This was due to missing data available across our 48 different countries of scope. Thus, findings will be more
realistic if correlations were repeated as soon as more recent data is available from Euromonitor International.

The consumer survey findings also showed some limitations as the findings are not representative of the target population as a whole (Malhorta, 2012). The surveys used followed a convenience sampling method due to time constraints, which lead to solely using online surveys, to respondent self-selection, respondents of the same demographic characteristics and the inability to attract more respondents. In order for Daymon Worldwide to gain more detailed insights, it is recommended the use of a systematic sampling procedure, allowing for each population element to be chosen with equal probability (Malhorta et al., 2012). Using this will lead to findings that can be fairly comparable. Daymon Worldwide has access to both Danish and Chinese markets thus their network can provide more fruitful results.

3.5 Individual contribution

My major contribution was to draw up the initial blueprint for our research problem. I developed a step-by-step approach in order to solve the company’s problem, from finding KPI’s to the strategic roadmap of the two countries. This was of great use as it helped kick start the project as well as have objectives to complete the task in an organized manner.

As the project moved on I worked on all the sections. For KPI analysis for example, I met with a statistics professor to try and understand the validity of studies and to understand the limitations. After the KPIs were chosen to define country retail and PLB maturity, I was responsible for analyzing the rankings and look for global trends.
After picking Denmark and China as our countries of analysis, I took a deep dive into the Danish consumers. As I focused on the Danish consumers, I also worked on the development and analysis of the results from the online-survey and passed it out to Danish colleagues and acquaintances. Towards the end, I helped research the framework to be used for the road maps (3-D approach) and build the recommendations around it.

4 - Personal Reflection

4.1 Personal Experience

4.1.1 Key strengths & weaknesses observed during the project

One of the major roles I played throughout this project was team building. My team was composed of four nationalities with very diverse cultures and personalities. Thus, working styles (some wanting to work in teams and others more individually) and communications styles (introverts and extroverts) made the working process a bit more complex (with various upsides as well). My biggest contribution was trying to give everyone a voice in meetings and to work collectively from topic to topic. This however, was somewhat difficult, as it sometimes led to procrastinating on non-relevant topics and not using the full potential of four individuals at once. In addition, a major weakness of my team and I was sticking to a timeline. Although we constructed one, we started to lag behind at a certain point. Once this happened, we no longer followed the time line (instead of simply updating it), which in turn made us focus unnecessary time on certain topics when more time was required for others.
4.1.2 Plan to develop the weaknesses

To develop my weakness of dealing with different communication and working styles, I view it is important to have meetings in a very structured manner. Specifically, it is important to establish the goals and objectives of the next meetings and assign individuals to be accountable for such topics. When this occurs, meetings have time spent on solutions rather than collective research.

In addition, it seems normal that not everything goes as planned. However, it is important to constantly update the timeline of the project in order to be efficient. Which I plan to do in my career.

4.2 Benefit of hindsight: What added most value? What should have been done differently?

Looking back, it is clear that I would have done things differently. This project spent too much time in search for the right KPIs. Although important, it was crucial to move on in order to spend equal amount of time on the in-country analysis and strategic roadmaps.

In addition, although China is a country of great interest and potential, it was very hard to find information (as most was written in Chinese). Due to this, our Chinese colleague was mostly responsible for this research, which didn't allow for much collaboration. Going back, I might have suggested a different country that had a more common language between group members.

This project was a wonderful experience. The topics in this research paper were a great interest of mine and resolving this with four individuals (which I can happily now call friends) was truly delightful.
Above all, it led me to a job: I start working for Daymon Worldwide on June 16, 2016!
Bibliography


Appendices

Appendix A – Correlation Matrix

See the following pages
Appendix E - Correlation Matrix

Stata output based on 2013 data from 48 countries

Guidelines for interpreting correlation coefficients:
- > 0.7 indicates a strong positive correlation
- 0.30 to 0.69 indicates a moderate positive correlation
- -0.29 to 0.29 indicates a weak negative/positive correlation
- -0.30 to -0.69 indicates a moderate negative correlation
- < -0.7 indicates a strong negative correlation
Retail and Private Brand Maturity can be defined by four variables:

<table>
<thead>
<tr>
<th>Country Retail Maturity</th>
<th>Private Brand Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Concentration</td>
<td>PLB Penetration</td>
</tr>
<tr>
<td>Penetration of Modern Grocery</td>
<td></td>
</tr>
<tr>
<td>Retail Sales per capita</td>
<td></td>
</tr>
</tbody>
</table>

**Definition**
- **Retail Concentration**: Market share of top 3 retailers in the country.
- **Penetration of Modern Grocery**: Market size of modern grocery retailers/Total market size of grocery retailers.
- **Retail Sales per capita**: Retail sales in US$ per capita, fixed exchange rate, current prices.
- **PLB Penetration**: PLB dollar share of total retail sales.

**Explanation**
- **Retail Concentration**: Companies continue to expand via acquisition both within their core markets and into emerging markets, making private label development more viable.
- **Penetration of Modern Grocery**: Modern grocery includes: Convenience stores, supermarkets, hypermarkets, discounters and forecourts.
- **Retail Sales per capita**: The higher the retail sales per capita the more developed the retail market in that country.
- **PLB Penetration**: According to Nielsen: While PLB share is at or above 15% in developed regions (and as high as 45% in Switzerland), it is below 10% in most developing countries.
Macroeconomic variables are closely related to retail maturity, while retail maturity is moderate positively correlated with PLB penetration.

- **Strong positive** correlation: +0.7 - +1.0
- **Moderate positive** correlation: +0.5 - +0.7

**Sources:** Matrix: Own analysis, based on data from 48 countries. Interpretation guidelines: Willoughby, Dawn (2015). *An essential guide to business statistics.* Chichester: John Wiley & Sons Ltd.
Appendix B – Linear Regression Analysis

See the following pages
Appendix F - Linear Regression Analysis

Stata output of OLS regression based on 2013 data from 48 countries

1. Linear regression of Retail Concentration on macroeconomic variables:

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>3893.68752</td>
<td>16</td>
<td>243.35547</td>
<td>F( 16, 28) = 5.70</td>
</tr>
<tr>
<td>Residual</td>
<td>1154.03559</td>
<td>22</td>
<td>62.461983</td>
<td>Prob &gt; F = 0.6000</td>
</tr>
<tr>
<td>Total</td>
<td>5088.22311</td>
<td>44</td>
<td>115.64143</td>
<td>R-squared = 0.7692</td>
</tr>
<tr>
<td>Adj R-squared</td>
<td>0.6311</td>
<td></td>
<td></td>
<td>Root MSE = 6.5316</td>
</tr>
</tbody>
</table>

| Retail_concen-n | Coef. | Std. Err. | t  | P>|t| | [95% Conf. Interval] |
|-----------------|-------|-----------|----|------|---------------------|
| Logistic_Deve-t | -2.754029 | 4.787968 | -0.58 | 0.570 | -12.56174 | 7.053679 |
| Population      | 1.17e-09 | 6.09e-18 | 0.19 | 0.850 | -1.13e-08 | 1.36e-08 |
| Population_Users | -0.0123621 | 0.177569 | -0.10 | 0.917 | -0.355721 | 0.328848 |
| Unemployment    | -1.1450801 | 0.2129692 | -0.68 | 0.501 | -3.813278 | 2.991675 |
| Household_con-d | -1.91e-12 | 8.90e-13 | -2.14 | 0.041 | -3.37e-12 | 8.20e-14 |
| Household_con-a | 0.0006663 | 0.0005626 | 1.30 | 0.203 | 0.0003916 | 0.0017641 |
| GNI_per_capita  | -0.0010673 | 0.0105 | -1.05 | 0.304 | -0.001515 | 0.0001010 |
| Consumer_price  | -0.027825 | 0.0309681 | -0.83 | 0.412 | 0.1199278 | 0.0028228 |
| Internet_users  | 0.3210377 | 0.1340105 | 1.73 | 0.095 | 0.0459911 | 0.598064 |
| GDP_per_capita-P | 0.0008992 | 0.0010661 | 0.59 | 0.563 | -0.0014718 | 0.0026501 |
| Ease_of_doing   | -0.0887306 | 0.0535695 | -1.66 | 0.109 | -0.1986462 | 0.0120011 |
| Gin             | 0.031025 | 0.0200207 | 0.06 | 0.949 | 0.0077097 | 0.0542613 |
| Cons_Exp_C_D    | 0.0036866 | 0.0031761 | 0.66 | 0.512 | -0.010081 | 0.0061439 |
| Cons_Exp_C_g    | 0.0011069 | 0.0023836 | 0.46 | 0.647 | -0.0037961 | 0.0060999 |
| Cons_Exp_C_s    | 0.0005756 | 0.0006287 | 0.09 | 0.928 | -0.0112294 | 0.0134652 |
| Median_dispo    | 0.0000569 | 0.0000231 | 0.25 | 0.808 | 0.0000418 | 0.00005318 |
| _cons           | 30.64978 | 21.37204 | 1.43 | 0.165 | -13.30886 | 74.28464 |

Regression analysis indicates that only Household Consumption Expenditure (negative slope coefficient) and Internet Users (positive slope coefficient) are significant at a 90% confidence interval. This model explains ~77% of Retail Concentration.

2. Linear regression of Modern Grocery Penetration on macroeconomic variables:

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>18690.8179</td>
<td>16</td>
<td>1168.17612</td>
<td>F( 16, 28) = 8.71</td>
</tr>
<tr>
<td>Residual</td>
<td>3753.62561</td>
<td>28</td>
<td>134.05809</td>
<td>Prob &gt; F = 0.0000</td>
</tr>
<tr>
<td>Total</td>
<td>22444.4444</td>
<td>44</td>
<td>510.1010</td>
<td>R-squared = 0.8324</td>
</tr>
<tr>
<td>Adj R-squared</td>
<td>0.7372</td>
<td></td>
<td></td>
<td>Root MSE = 11.578</td>
</tr>
</tbody>
</table>

| Modern_Grocer-n | Coef. | Std. Err. | t  | P>|t| | [95% Conf. Interval] |
|-----------------|-------|-----------|----|------|---------------------|
| Logistic_Deve-t | 5.096669 | 8.487451 | 0.60 | 0.533 | -12.28509 | 22.48242 |
| Population      | -8.70e-09 | 1.08e-08 | -0.81 | 0.412 | -3.08e-08 | 1.34e-08 |
| Population_U-n  | -1.155867 | 2.087397 | -0.56 | 0.576 | -5.681056 | 2.690169 |
| Unemployment    | 3.328734 | 3.775224 | 0.87 | 0.391 | -4.484582 | 1.102601 |
| Household_con-d | 2.45e-12 | 1.58e-12 | 1.68 | 0.104 | -0.979e-12 | 5.89e-12 |
| Household_con-a | -0.001013 | 0.000932 | -1.09 | 0.279 | -0.0029237 | 0.0008977 |
| GNI_per_capita  | -0.0035942 | 0.0018054 | -1.99 | 0.056 | -0.0072924 | 0.0001039 |
| GNI_per_capita-P | 0 (omitted) |       |       |       |         |
| Consumer_price  | -0.1451172 | 0.1448341 | -1.00 | 0.327 | -0.451059 | 0.158579 |
| Internet_users  | 0.3961172 | 0.272328 | 3.94 | 0.000 | 0.4491621 | 1.423072 |
| GDP_per_capita-P | 0.0037208 | 0.0017835 | 2.09 | 0.046 | 0.0000674 | 0.0073742 |
| Ease_of_doing-s | 0.0707185 | 0.0946902 | 0.47 | 0.643 | -0.1239787 | 0.2652357 |
| Gin             | 0.1313474 | 0.3980932 | -0.37 | 0.716 | -0.8649561 | 0.2028033 |
| Cons_Exp_C_D    | 0.0062436 | 0.0068777 | 0.95 | 0.351 | 0.0073507 | 0.00137387 |
| Cons_Exp_C_g    | 0.0036101 | 0.004243 | 0.85 | 0.402 | 0.00050812 | 0.0132014 |
| Cons_Exp_C_s    | 0.007359 | 0.0113722 | 0.66 | 0.514 | -0.0154545 | 0.0301724 |
| Median_dispo    | 0.0004925 | 0.0004011 | 1.20 | 0.241 | 0.0003344 | 0.0006394 |
| _cons           | 5.757794 | 37.88554 | 0.15 | 0.880 | -71.84693 | 83.36252 |

Regression analysis indicates that only GNI per capita (negative slope coefficient), Internet Users (positive slope coefficient) and GDP per capita (positive slope coefficient) are significant at a 90% confidence interval. This model explains ~83% of Modern Grocery Penetration.
3. Linear regression of Retail Sales to GNI Ratio on macroeconomic variables:

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>899.7995</td>
<td>16</td>
<td>56.248749</td>
<td>F(16, 28) = 17.59</td>
</tr>
<tr>
<td>Residual</td>
<td>89.512207</td>
<td>31</td>
<td>2.89686717</td>
<td>Prob &gt; F = 0.0002</td>
</tr>
<tr>
<td>Total</td>
<td>989.492231</td>
<td>44</td>
<td>22.4884598</td>
<td>R-squared = 0.9097</td>
</tr>
</tbody>
</table>

Regression analysis indicates that Household Consumption Expenditure per Capita (positive slope coefficient), GNI per capita (negative slope coefficient), Internet Users (positive slope coefficient), GDP per capita (positive slope coefficient) and Consumer Expenditure per Capita on Food (positive slope coefficient) are significant at a 90% confidence interval. This model explains ~91% of Retail Sales to GNI Ratio.

4. Linear regression of PLB Penetration on macroeconomic variables:

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>5018.2746</td>
<td>16</td>
<td>313.642163</td>
<td>F(16, 28) = 5.95</td>
</tr>
<tr>
<td>Residual</td>
<td>1475.3694</td>
<td>28</td>
<td>52.69178</td>
<td>Prob &gt; F = 0.0000</td>
</tr>
<tr>
<td>Total</td>
<td>6493.6444</td>
<td>44</td>
<td>147.85828</td>
<td>R-squared = 0.6430</td>
</tr>
</tbody>
</table>

Regression analysis indicates that only Unemployment (positive slope coefficient), GINI coefficient (negative slope coefficient) and Consumer Expenditure per Capita on Food (negative slope coefficient) are significant at a 90% confidence interval. This model explains ~77% of PLB Penetration.
5. Linear regression of PLB penetration on retail maturity variables:

Regression analysis indicates that only Modern Grocery Penetration (positive slope coefficient) and Retail Sales to GNI Ratio (positive slope coefficient) are significant at a 90% confidence interval. The retail maturity variables explain ~52% of PLB Penetration.
Appendix C – Country Ranking and Explanation

See the following pages
Appendix G - Country rankings

Retail Maturity KPIs: Retail concentration (market share of top 3 retailers), Penetration of modern grocery, Retail sales to GNI ratio
Developing a ranking of countries according to maturity

- In order to rank countries worldwide in terms of country retail maturity and private brand maturity, the following ranking system was developed:
  - **48 countries**, for which data was available, were ranked according to:
    - Country retail maturity (Average of 3 KPIs)
    - Private brand maturity
  - 3 levels of relatively high, medium and low maturity were established
  - Cut-off values were defined as:
    - Global average +/- approximately $\frac{3}{4} \sigma$ depending on "jumps" in the values
  - 1 country per high and low maturity was chosen for further analysis

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Country 1</td>
</tr>
<tr>
<td>2.</td>
<td>Country 2</td>
</tr>
<tr>
<td>3.</td>
<td>Country 3</td>
</tr>
<tr>
<td>4.</td>
<td>Country 4</td>
</tr>
<tr>
<td>5.</td>
<td>Country 5</td>
</tr>
<tr>
<td>6.</td>
<td>Country 6</td>
</tr>
<tr>
<td>7.</td>
<td>Country 7</td>
</tr>
<tr>
<td>8.</td>
<td>Country 8</td>
</tr>
</tbody>
</table>

- **High Maturity Level**

- **Medium Maturity Level**

- **Low Maturity Level**
Denmark and China constitute cases for high and low maturity.

**High Maturity Level**

1. Australia
2. Finland
3. New Zealand
4. Switzerland
5. Ireland
6. **Denmark**
7. Sweden
8. Norway
9. Slovakia
10. Belgium
11. Portugal
12. Germany
13. South Korea
14. Netherlands
15. United States
16. South Africa
17. Ukraine
18. Colombia
19. Singapore
20. Philippines
21. Brazil
22. Argentina
23. Russia
24. China

**Medium Maturity Level**

25. Switzerland
26. Spain
27. United Kingdom
28. Germany
29. Portugal
30. Belgium
31. Austria
32. Denmark
33. Hungary
34. Poland
35. Czech Republic
36. Finland
37. Slovakia
38. Australia
39. Norway
40. Canada
41. Peru
42. Israel
43. Russia
44. Brazil
45. Hong Kong
46. India
47. Ukraine
48. **China**

**Low Maturity Level**

Global average ≈ 11%
Appendix D – Development of PLB Share in Europe, Asia and Latin America

See the following pages
### Appendix H - Development of PLB share in Europe, Asia and Latin America

#### Private-Label Share Increased in Most European Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Change From 2009</th>
<th>2013</th>
<th>Increase</th>
<th>Decrease</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>41%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Private-Label Share Declined in Most Asian Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Change From 2010</th>
<th>2013/2014 YTD</th>
<th>Increase</th>
<th>Decrease</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>8.1%</td>
<td>5.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>4.5%</td>
<td>3.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1.3%</td>
<td>1.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>-0.8%</td>
<td>-0.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>0.8%</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Steady Private-Label Growth Continues Across Latin America

<table>
<thead>
<tr>
<th>Country</th>
<th>Change From 2010</th>
<th>2013/2014 YTD</th>
<th>Increase</th>
<th>Decrease</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>15.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>10.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>8.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>7.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>5.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela</td>
<td>3.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appendix E – 4 Generation Model Explanation

See the following pages
PLB development in China is at the second generation, while Denmark is at the fourth generation.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Definition</th>
<th>Main Objectives</th>
<th>Argumentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Generation</td>
<td>- Low prices in generic product categories</td>
<td>- Competitive price points for market entry</td>
<td>- Budget PLBs are increasingly established - PLBs named after retailer are well known among consumers</td>
</tr>
<tr>
<td>2nd Generation</td>
<td>- Lowest price for basic products in different categories without product differentiation</td>
<td>- Competitive prices to increase market share - Defend against discounters - Improve retailer price perception</td>
<td></td>
</tr>
<tr>
<td>3rd Generation</td>
<td>- Same quality as brand leader at a lower price</td>
<td>- Offer a better value for money proposition - Increase margins and bargaining power</td>
<td>- 6/10 most popular PLBs have premium or organic segment - Quality is the most important buying criteria for PLBs</td>
</tr>
<tr>
<td>4th Generation</td>
<td>- Innovative and/or premium quality products</td>
<td>- Differentiated retail brand - Increase loyalty for retailer - Reach new consumers - Increase margins</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Perrey, Jesko, Spillecke, Dennis (2013). Retail Marketing and Branding: A definitive guide to maximizing ROI
Appendix F – Consumer Survey Questions

See the following pages
Consumer Survey on Private Label Brands

Dear participant,

The following survey will take approximately 3 minutes. The data you provide will be handled strictly confidential and anonymous and is solely used for the purpose of this research.

Thank you for your help!

Buying Criteria

Please rank the following aspects from highest to lowest in terms of importance when buying consumables/products in a supermarket:

1. Price charged
2. Perceived quality
3. Good value for money
4. Product safety
5. Appealing packaging
6. Accessibility of products
7. Innovative product design
8. Trust in brand

Who is mainly responsible for grocery shopping in your household?

- I go grocery shopping for myself.
- I go grocery shopping for me and my family.
- My partner does the grocery shopping.
- My parents do the grocery shopping.
- We all go grocery shopping together.
- Other: __________

About Private Label Brands

Private Label brands (also called store brands or retailer brands) are brands owned and exclusively sold in a retailer or wholesaler as opposed to national brands, such as Coca-Cola or L’Oréal, which are owned by companies selling them to several retailers.

The following questions ask about your experience with private label brands.
Please have a look at the following Private Label brands that can be purchased in Danish retailers:

![Private Label brands images]

How familiar are you with the Private Label brands shown above? (From 1 = "Not familiar at all" to 5 = "Very familiar")

<table>
<thead>
<tr>
<th>Brand</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>X-tra</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>365</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Änglamark</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Vores</td>
<td></td>
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<td>Levevis</td>
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<td></td>
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<tr>
<td>Princip</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Gestus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>First Price</td>
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</tr>
<tr>
<td>Deluxe</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

Which of the Private Label brands shown above have you bought within the last 4 weeks?

- [ ] X-tra
- [ ] 365
- [ ] Änglamark
- [ ] Budget
- [ ] Vores
- [ ] Levevis
- [ ] Princip
- [ ] Gestus
- [ ] First Price
Deluxe

None of these

How many Private label products in total have you bought in the last week?

- None
- Less than half of my total purchase
- Half of my total purchase
- More than half of my total purchase
- 100% of my total purchase

How likely are you to buy private label brands in the following categories?
(From 1 = "Not likely at all" to 5 = "Very likely")

<table>
<thead>
<tr>
<th>Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tissue &amp; Hygiene (e.g. napkins, sanitary pads, cleansers, sprays, cotton wool)</td>
<td></td>
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<tr>
<td>Packaged food (e.g. breakfast cereals, cookies, milk, frozen vegetables, pasta)</td>
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<tr>
<td>Pet food (e.g. cat food, dog food)</td>
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<tr>
<td>Home care (e.g. dishwashers, laundry care, air care, toilet care)</td>
<td></td>
<td></td>
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<tr>
<td>Hot drinks (e.g. coffee, tea)</td>
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<tr>
<td>Soft drinks (e.g. bottled water, fruit juice, energy drinks)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beauty and personal care (e.g. bath and shower products, skin care, colour cosmetics)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apparel and footwear (e.g. t-shirts, jeans, shoes)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Please rank the following aspects from highest to lowest in terms of importance when buying Private Label brands.

1. Perceived quality
2. Accessibility of products
3. Trust in brand
4. Price charged
5. Appealing packaging
6. Product safety

Please state your agreement/disagreement with the following statements.
(From 1 = "Totally disagree" to 5 = "Totally agree")

Private label brands are...

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>inexpensive.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of good quality.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>extremely good value for money.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>safe.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>innovative.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>boring.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please state your agreement/disagreement with the following statements. (From 1 = "Totally disagree" to 5 = "Totally agree")

1 2 3 4 5

- I purchase private label brands to save money.
- Private label brands are usually extremely good value for money.
- Private label brands are not suitable when quality matters.
- I am willing to pay some more for a private label brand if I like it.
- Private label brand quality has improved over time.
- I am a smart shopper when I buy private label brands.
- It's important to get the best price on a product.
- Private label brands are good alternatives to national brands.

Almost done...

Reminder: All the information you provide will be kept strictly confidential!

Gender
- Female
- Male

Age
- Under 18
- 19-25
- 26-35
- 36-45
- Over 45

Nationality

Occupation
- Student
- Employed
- Self-employed
- Housewife / Househusband
- Unemployed
- Retired

What is your monthly income? (Gross income in Danish Krone)
- Under 5.000
- 5.000-10.000
- 10.001- 20.000
- 20.001- 40.000
- Over 40.000

Thank you for your participation in this survey!

https://www.survey-xact.dk/servlet/com.pls.morpheus.web.pages.C...ise&printbackground=false&printing=true&printVariableName=false
Appendix G – Survey Results for Denmark

See the following pages
Survey results

Field Research - Denmark
Respondents are primarily young adults with low to middle income

Gender

- Women: 50%
- Men: 50%

Age

- Under 18: 0.0%
- 19-25: 47.5%
- 26-35: 45.0%
- 36-45: 5.0%
- Over 45: 2.5%

Occupation

- Employed: 42.5%
- Student: 57.5%

Monthly gross income

- <5,000: 5%
- 5,001-10,000: 35%
- 10,001-20,000: 27.5%
- 20,001-40,000: 30%
- >40,000: 2.5%
Danish consumers value quality although they are very price conscious

Consumables - Buying criteria in top 3

- Perceived quality: 90.4%
- Price charged: 84.6%
- Trust in brand: 13.5%
- Product safety: 9.6%
- Appealing packaging: 5.8%
- Accessibility of product: 3.8%

Please rank the following aspects from highest to lowest in terms of importance when buying consumables in a supermarket / PLBs

PLB - Buying criteria in top 3

- Perceived quality: 95%
- Price charged: 76%
- Trust in brand: 57%
- Accessibility of products: 48%
- Product safety: 19%
- Appealing packaging: 5%

Percentage of respondents who ranked the aspect among the three most important buying criteria

Q: Please rank the following aspects from highest to lowest in terms of importance when buying consumables in a supermarket / PLBs
Dansk Supermarked’s PLBs command the highest awareness, with four out of the top 5 PLBs.

81% of respondents are familiar or very familiar with the brand

74% of respondents are familiar or very familiar with the brand

71% of respondents are familiar or very familiar with the brand

67% of respondents are familiar or very familiar with the brand

67% of respondents are familiar or very familiar with the brand

Dansk Supermarked dominates awareness with 4 out of the top 5 PLBs.

Q: Please have a look at the following Private Label brands that can be purchased in Danish retailers. How familiar are you with the Private Label brands shown above? (From 1 = "Not familiar at all" to 5 = "Very familiar"
PLBs from other retailers than the two dominating have yet to build significant awareness.

- 64% of respondents are familiar or very familiar with the brand Xtra.
- 48% of respondents are familiar or very familiar with the brand First Price.
- 24% of respondents are familiar or very familiar with the brand Gestus.
- 12% of respondents are familiar or very familiar with the brand Deluxe.

365, Deluxe and Gestus are both relatively new PLBs, which might explain the low awareness.

Q: Please have a look at the following Private Label brands that can be purchased in Danish retailers. How familiar are you with the Private Label brands shown above? (From 1 = "Not familiar at all" to 5 = "Very familiar"
Buying behavior shows a preference for low price and niche PLBs, with untapped potential in the PLB share of total purchase.

**PLBs bought within the last 4 weeks**

- Top 3 is owned by DS
- Budget is discount
- Levevis is organic / "the healthy choice"

**Total share of PLBs bought during the last week**

- Only 7% say that PLBs account for more than half of their total purchase
- 2/3 say that PLBs only make up less than half or none at all of their total purchase
- Untapped potential in increasing the share for the light buyers

Q: Which of the Private Label brands shown above have you bought within the last 4 weeks? How many Private Label products in total have you bought within the last week?
Preferred categories for PLBs seem to reflect the current offerings in the market as well as consumer involvement.

- Home Care and Tissue & Hygiene are the categories in which respondents (more than 80%) are most likely to buy PLBs.
- Almost 2/3 of respondents are likely or very likely to buy PLBs in packaged food.
- Beauty & P.C. and Apparel & Footwear are the categories in which consumers are least likely to buy PLBs, probably reflecting high involvement and importance of brand status in these categories.

Q: How likely are you to buy Private Label brands in the following categories? (From 1 = "Not likely at all" to 5 = "Very likely")
Consumers consider PLBs to be cheap and good value for money, but also slightly boring.

“Private label brands are...”

- **Inexpensive**: 67%
- **Extremely good value for money**: 43%
- **Safe**: 43%
- **Boring**: 43%
- **Good quality**: 19%
- **Innovative**: 10%

Q: Please state your agreement/disagreement with the following statements. (From 1 = “Totally disagree” to 5 = “Totally agree”) Private label brands are...
Consumers have a high acceptance of PLBs, but are unwilling to pay more for them.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree + totally agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLBs are good alternatives to national brands</td>
<td>67%</td>
</tr>
<tr>
<td>I purchase PLBs to save money</td>
<td>64%</td>
</tr>
<tr>
<td>PLB quality has improved over time</td>
<td>64%</td>
</tr>
<tr>
<td>It's important to get the best price on a product</td>
<td>52%</td>
</tr>
<tr>
<td>I am a smart shopper when I buy PLBs</td>
<td>48%</td>
</tr>
<tr>
<td>PLBs are usually extremely good value for money</td>
<td>45%</td>
</tr>
<tr>
<td>PLBs are not suitable when quality matters</td>
<td>41%</td>
</tr>
<tr>
<td>I am willing to pay some more for a PLB if I like it</td>
<td>29%</td>
</tr>
</tbody>
</table>

Q: Please state your agreement/disagreement with the following statements. (From 1 = “Totally disagree” to 5 = “Totally agree”)
Appendix H – Survey Results for China

See the following pages
Survey results

Field Research - China
62% respondents are responsible for their own grocery shopping.

Demographics:
- **Employed**: 57%
  - Student: 31%
  - Self-employed: 6.5%
  - Housewife/Househusband: 3%
  - Unemployed: 2%
  - Retired: 0.5%

- **Income Distribution**:
  - <2,000: 24%
  - 2,000-4,000: 20%
  - 4,001-8,000: 35%
  - 8,001-15,000: 17%
  - >15,000: 4%

- **Age Groups**:
  - 19-25: 50%
  - 26-35: 27%
  - 36-45: 10%
  - 45+: 13%
Quality and Safety are most valued by Chinese customers

Respondents were asked to rank the 8 factors from highest to lowest in terms of importance when buying **consumables** in a supermarket, and rank the same 6 factors again in terms of importance when buying **private label brands**. The 6 factors have the same ranking order in both consumables and PLBs purchase decisions.

Q: Please rank the following aspects from highest to lowest in terms of importance when buying consumables in a supermarket / PLBs
PLBs with the same name as retailers’ can more easily build brand awareness in China.

Q: Please have a look at the following Private Label brands that can be purchased in Chinese retailers. How familiar are you with the Private Label brands shown above? (From 1 = "Not familiar at all" to 5 = "Very familiar")

Q: Which of the Private Label brands shown above have you bought within the last 4 weeks?

5 PLBs with a brand name easily refer to the retailer’s name.
PLBs with the same name as retailers’ can more easily build brand awareness in China

From “Not familiar at all” to “Very familiar”

- **Great Value**: Purchased by 9% respondents within the last 4 weeks
- **润之家**: Purchased by 16% respondents within the last 4 weeks
- **佳惠**: Purchased by 7% respondents within the last 4 weeks

From “Not familiar at all” to “Very familiar”

- **五谷丰登**: Purchased by 8% respondents within the last 4 weeks
- **TOPVALU**: Purchased by 3% respondents within the last 4 weeks

**Q:** Please have a look at the following Private Label brands that can be purchased in Chinese retailers. How familiar are you with the Private Label brands shown above? (From 1 = “Not familiar at all” to 5 = “Very familiar”)
**Q:** Which of the Private Label brands shown above have you bought within the last 4 weeks?

5 PLBs with a brand name different from the retailer’s name
Chinese customer still hold a very low percentage of PLB product purchasing

- 53% Respondents purchased PLB products less than half of total purchase
- 17.6% Respondents purchased PLB products as half of total purchase
- 9% Respondents purchased PLB products more than half of total purchase
- 20% Respondents didn’t purchase any PLB product
- 0.4% Respondents only purchased PLB products

“How many private label products in total have you bought in the last week?”

Q: How many Private Label products in total have you bought within the last week?
Tissue & Hygiene, Home care, and Packaged food are Top 3 categories of PLB purchasing in China

“How likely are you to buy private label brands in the following categories?”

<table>
<thead>
<tr>
<th>Category</th>
<th>Likelihood Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tissue &amp; Hygiene</td>
<td>74%</td>
</tr>
<tr>
<td>Home Care</td>
<td>62%</td>
</tr>
<tr>
<td>Packaged Food</td>
<td>55%</td>
</tr>
<tr>
<td>Beauty &amp; Personal Care</td>
<td>35%</td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>34%</td>
</tr>
<tr>
<td>Hot Drinks</td>
<td>25%</td>
</tr>
<tr>
<td>Apparel &amp; Footwear</td>
<td>23%</td>
</tr>
<tr>
<td>Pet Food</td>
<td>9%</td>
</tr>
</tbody>
</table>

Q: How likely are you to buy Private Label brands in the following categories? (From 1 = “Not likely at all” to 5 = “Very likely”)
Inexpensive is still Chinese customer’s major perception of PLBs

“Private label brands are...”

Q: Please state your agreement/disagreement with the following statements. (From 1 = “Totally disagree” to 5 = “Totally agree”) Private label brands are...
Chinese customers are price sensitive, but are also willing to pay more for brands with higher quality and brands they like.

**I purchase private label brands to save money.**

<table>
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<tr>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
<td></td>
<td></td>
<td>Totally agree</td>
</tr>
</tbody>
</table>

**Private label brands are usually extremely good value for money.**

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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
<td></td>
<td></td>
<td>Totally agree</td>
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</tbody>
</table>

**Private label brands are not suitable when quality matters.**

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<th>5</th>
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<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
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<td></td>
<td>Totally agree</td>
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</table>

**Private label brand quality has improved over time.**

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<th>5</th>
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<tbody>
<tr>
<td>Totally disagree</td>
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<td></td>
<td>Totally agree</td>
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</tbody>
</table>

**It’s important to get the best price on a product.**

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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
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<td></td>
<td>Totally agree</td>
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</tbody>
</table>

**I am a smart shopper when I buy private label brands.**

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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
<td></td>
<td></td>
<td>Totally agree</td>
</tr>
</tbody>
</table>

**I am willing to pay some more for a private label brand if I like it.**

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<thead>
<tr>
<th>1</th>
<th>2</th>
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<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
<td></td>
<td></td>
<td>Totally agree</td>
</tr>
</tbody>
</table>

**Private label brands are good alternatives to national brands.**

<table>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally disagree</td>
<td></td>
<td></td>
<td></td>
<td>Totally agree</td>
</tr>
</tbody>
</table>

Q: Please state your agreement/disagreement with the following statements. (From 1 = “Totally disagree” to 5 = “Totally agree”)
Appendix I – 3-D approach Explanation

See the following pages
In order to establish a framework for the development of roadmaps, we introduce the 3D approach:

1. **Define** Strategy and Brand Architecture
2. **Design** Category Structure
3. **Deliver** On Brand Building and Portfolio Management
The brand strategy and architecture is very different in Denmark and China, to account for differences in consumer preferences.

**Private Brand Strategy**
- **Denmark**: Premium quality, locally produced organic products at affordable price
- **China**: Basic products of good quality at reasonable price

**Brand Architecture**
- **Denmark**: Individual brand
- **China**: Umbrella brand
Designing the category structure should account for current PLB generation, market trends and consumer preferences

Core criteria for designing category structure are: growth, margin potential and volume

1. Start with easy wins
   • Start by establishing a presence in the most popular PLB categories e.g. packaged food

2. Start venturing into new categories
   • Expand into new growth categories e.g. soft drinks or deli & prepared food

3. Establish a position in all categories
   • Build holistic PLB brands with products in all categories

1. Focus on basic products
   • An initial focus on few, basic categories, e.g. Tissue & Hygiene or HC is crucial to build a presence

2. Slowly expand to adjacent categories
   • Trust in the brand most first be earned, before testing the waters in e.g. packaged food

3. Experiment with new categories
   • Build on consumer data to identify new potential categories, e.g. BPC or Soft Drinks

Core criteria for designing category structure are: volume, margin potential and growth
To execute the strategy, the marketing mix has to tap into market trends and consumer preferences.

### Delivering on brand building

**Product**
- Locally produced, organic products
- Healthy and premium quality
- Convenient, natural packaging
- Imported products
- Basic products of good quality
- Quality, colorful packaging

**Price**
- Relatively low price
- Price slightly above non-premiums
- Depends on volume and margin potential
- Affordable price
- Not too low, to avoid safety concerns
- Depends on volume and margin potential

**Promotion**
- Special offer flyers
- Social Media
- Event sponsorships
- Sales promotion
- Point-of-sales display
- Online consumer education

**Place**
- Cross-sell in retailer network
- Place on shelf: Individual shelf
- 3x right (shelf, aisle, product)
- Sell in store brands only
- Place on shelf: Next to NBs
- 3x right (shelf, aisle, product)

---

**3x right:** right side of the aisle (the first that consumers see), right side of the shelf (where consumers look the longest), right side of the products (right-handed naturally reach for the product to the right) – according to consumer psychology studies (Dunne, Lusch & Carver (2013). *Retailing*).