PRIVATE LABEL KOMPENDIUM

contrast

Strategisk design | Helle Mølgaard | MA4-ID1 | Juni 2011
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TITELBLAD

PROJEKT TITEL
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INDHOLDSFORTEGNELSE

INDLEDNING

Dette kompendium forklarer kort de forskellige begreber og mekanismer, der gør sig gældende indenfor private label produktion. Det tager udgangspunkt i ”Designing for Private Labels”, som er en videnskabelig artikel indsendt til ICED 11 konferencen i København. Denne diskuterer relevansen af de industrielle designeres viden om private label strategier; hvor stor deres viden er om emnet og hvordan de opnår den.
Herefter beskrives nogle forskellige problematikker, producenten skal tage højde for, inden det besluttes om virksomhedens fremtidige strategi skal inkludere private label produktion.

Læsevejledning
Da dette kompendium tager udgangspunkt i den videnskabelige artikel, benyttes dennes metode for kilde- og illustrationshenvisning.

- Hver reference skrives *[x],* hvor *x* er et tal, der henviser til en specifik reference i litteraturlisten bagerst i kompendiet. Eksempelvis [5].
- Illustrationerne skrives *fig. x*, *ill. x* eller *tabel x*, hvor *x* er nummeret på den figur, fotoillustration eller tabel, der henvises til. Eksempelvis fig. 1, ill. 7 eller tabel 3.
  Illustrationer, der ikke er egne, vil fremgå af illustrationslisten.

Den videnskabelige artikel henvender sig til et internationalt forum og er derfor på engelsk, modsat det resterende materiale.

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Abstract

As private label is a growing phenomenon it challenges the manufacturer on several areas, which reflects on the company's strategy and further on to the conceptual level of the professional industrial designers.

By knowing the mechanisms of different strategic opportunities within private labelling, the industrial designers are able to support the chosen strategy through product development and adjustments for either brand or private label manufacturing. Still it seems like the industrial designers are not aware of these mechanisms.

This paper discusses the relevance of the industrial designers' knowledge of private label strategies, and gives an indication of how much is known by the industrial designers, how the knowledge is acquired and what is done to gain more information on the subject.

The most common definitions and strategies are outlined and their relevance for the design profession is described through a survey based upon the experience of Danish industrial designers.

Keywords: Private label design, designer's role, strategic design, design management, branding, generic brands, retailers commodity brands, copycat, value innovator, premium brands, brand only, dual branding, dedicated private label, adopted sub-brands, separate developed brand, co-brand .

INTRODUCTION

Private labels' market share is growing and by 2008 the share consisted of 17% of all sold goods in Denmark and it is predicted to attain 50% in 2018 [6]. Kumar and Steenkamp [1] state that several manufacturers do not consider private label as a real competitor, and therefore the private labels are not included when benchmarking. In addition the consequences and opportunities might not be considered by the manufacturer when deciding private label production, which has an impact on:

- The business strategy including the conceptual level of the industrial designer
- The company's strategic survival.

The industrial designer's role

Due to the above-mentioned the manufacturer needs to consider private label as a possible threat or opportunity, and therefore the company has to gain knowledge of the subject and develop a long-term strategy including it, to choose a solution that suits the company. Based on the company's business plan a design strategy can be developed (fig. 1).

By using design as a strategic method, the company is able to link design and developing aspects to the company's common goal and vision.
Internally, the design strategy forms the design basis of future products, packaging, logo, marketing and any contact surface between the company and its customers, which ease the industrial designer's tasks. Externally, the company's values (including the brand's value) become clearer and stronger [10].

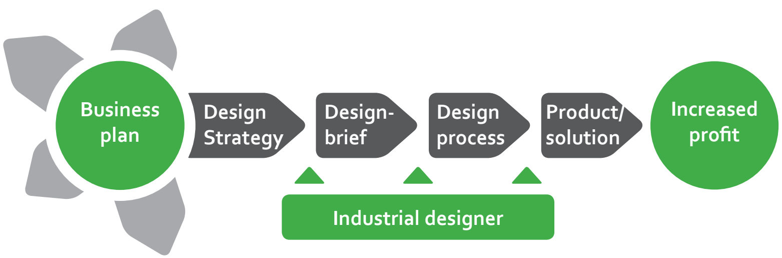


Fig. 1: Design management [10]

However, the industrial designer or a superior needs knowledge of the mechanisms of private label manufacturing, in order to develop a design strategy and support the overall business plan.

The private label topic consists of numerous definitions, and the most relevant to the industrial designer are specified and assisted by examples in order to make a common understanding.

BRAND VERSUS PRIVATE LABEL

A *Brand* is owned and produced by the manufacturing company and distributed by retailers chosen by the manufacturer [1]. The well known brands are often referred to as *National Brands* and the relatively unknown as *Generic Brands* [3], [4].
Private Label is a store or retailer brand, which is exclusively owned, sold and distributed by the retailer making it possible to differentiate from other stores and gain store loyal customers. [1], [2]

THE DEVELOPMENT OF PRIVATE LABELS

The private label phenomenon has evolved from the low budget products consisting of homogeneous goods of poor quality being anonymous in choice of label and packaging - the so-called **Generic** [1] or **Retailer Commodity Brands** [2].
Today store brands consist of products within different segments competing on price and/or quality in order to offer the customer alternatives to the manufacturer's brands and a better value for money or even brand value.

Figure 2 shows the development from *Generic* to *Copycat*, *Value innovator* and *Premium*.

Copycat products imitate the leading manufacturer's brands' content, packaging, label and even the name, but the quality is often lower [1], [2].

> *"Copycat brands are all about transferring profit and revenue from the brands to the retailers."* [2, p. 101]

The **Value innovator** is an extension of the copycat [1] and they represent 50% of the private labels altogether [2]. Besides giving the customer the best value for money, it seeks to match the quality of the manufacturer's brand, through cost minimisation for instance by reducing the cost of the value chain or manufacturing.

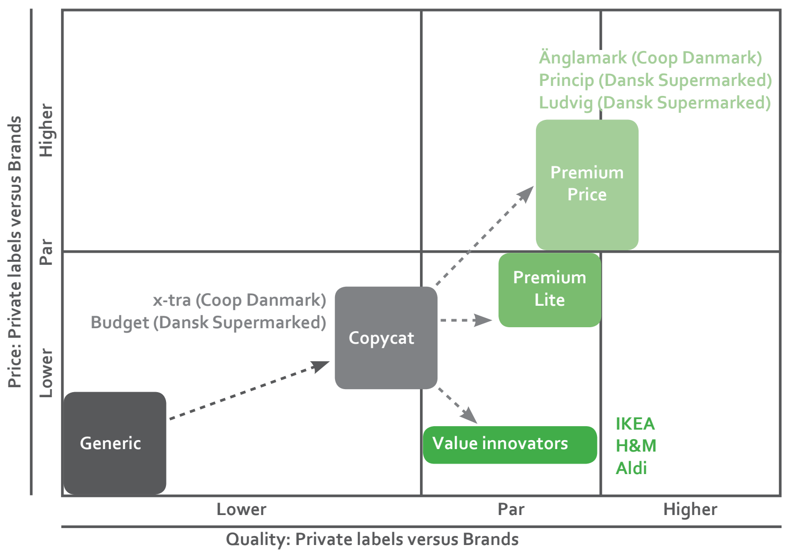


Fig. 2: Private label evolution including examples.
Based on Kumar and Steenkamp [1, fig. 2-1, p. 31].
Coop Danmark and Dansk Supermarked are Danish supermarket cooporations.

Value innovators are often "house-of-store-brands", meaning stores offering only or primarily private labels, like IKEA, H&M and chains of discount stores like Aldi and Lidl.

> *Ex. 1:*
> *Even though Aldi is very price competitive, their private labels wins recognition in test like "Bedst i test" made by the Danish consumers' advisory council - Forbrugerrådet - and printed in the Danish magazine "Tænk" [11].*
> *The test compares price and quality of the different products, for instance the nappy test of 2008 and 2010, which compared i.e. Aldi's nappy label "Vibelle" and leading brands as Libero and Pampers. In 2008 Vibelle won due to the quality and user satisfaction, even though it was the cheapest. Furthermore the test revealed the leading brands were often bought on sale, which makes the branding value too small to justify the big price differential, and therefore the customer is willing to buy Vibelle, even if they do not buy anything else in Aldi [7]. In 2010 Libero and Pampers fought back and won, but still closely followed by Vibelle [8], indicating the brand manufacturers need to take private labels serious in order to survive.*

Premium store brands are the retailer's unique high segment brands, which can compete in quality. They can be divided into two subcategories – **Premium price** and **Premium lite**, focusing on brand value and value for money, respectively [1]. This category is responsible for 30% of the private labels and might be the biggest competitive force of the retailers in the future [2].
The development of private labels indicates how important it is for a manufacturer to consider them as a business opportunity or a competitor when making a long-term strategy, and therefore the industrial designers' task and knowledge needs to be adjusted according to the problems, they have to solve.

THE MANUFACTURER'S DESIGN STRATEGY

The manufacturer can use three different strategies – *Brand only*, *Dual branding* or *Dedicated private label production* (fig. 3). How each strategy has an influence on the tasks of the industrial designer is specified by table 1-3.

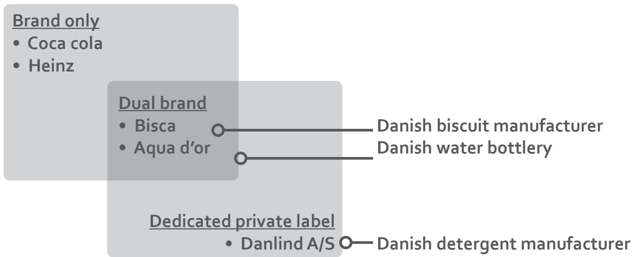


Fig. 3: The manufacturer's strategies

Brand only manufacturer
The *Brand only* manufacturers focusing on own brands exclusively and do not enter private label production, and therefore they can assure the consumer, that they do not manufacture similar goods as cheaper private labels. Still they have to consider private labels as a competitor, as ex. 1 showed how they can undermine brand value and win market shares.

Dual brand manufacturer
In the U.S. over half of all brand manufacturers use a *Dual brand* strategy producing both brands and private labels [1]. The largest challenge in transforming from a brand manufacturer to dual branding is to avoid the private labels cannibalising own brands and undermining their brand value. A long-term business plan and design strategy including knowledge of private label strategies is therefore of great importance, in order to support the company's strategic survival.

The dual brand manufacturers can choose to be anonymous to conceal their involvement or be written as an *OEM* or involve in a *co-branding*, to get credit for the product.
OEM is short for Original Equipment Manufacturer [12] and refers to the manufacturer of a product or component, which is used by another company and sold under its brand (Resellers).
Sometimes it also refers to the manufacturer using components from sub-suppliers when producing own products (Value added resellers).
The definition of *co-branding* will be described later on.

BRAND ONLY MANUFACTURER

Advantages	Disadvantages	Design strategy	Ex. 2
• Total focus of own brands. • Able to focus on the brand buyer and raise quality level, innovation level and price level [3]. • Can assure the customer of not producing cheaper semilar goods.	• Loss of market shares. • Competitors grow stronger, including the private labels.	• Identify a specific target group. • Innovation of the brands. • Form the basis of new ways to marketing, in order to support the brand value and function.	*Heinz reduced their product range, became more innovative and used new sales channels to overcome the private label challenge. Thus, they are now selling ketchup in a context, which supports their products, e.g. together with a grill or at cafeterias.* [9]

Table 1: Brand Only – How the strategy reflects on the industrial designer's tasks.

Dedicated private label manufacturer

The *Dedicated private label* manufacturers function as sub-suppliers for the retailer, which makes them very dependent on the renewal of the contract. They are often small or middle sized companies, which own brands cannot compete with the market leaders [1], and through alliance with the retailer, the private label production allow them to challenge the manufacturer giants [6].

The manufacturer can choose to be anonymous but is often written as an *OEM*, or the manufacturer tries to involve in *co-branding* in order to be exposed and only choose anonymity if the products qualities do not live up to own standards. As both the manufacturer and the retailer need to accept a *co-branding* a contract will only be entered if:

- The manufacturer can meet the retailer's expectations of quality standards, flexibility and reputation.
- The manufacturer's advantages surpass the cost of investment and risk of launching. [1]

DUAL BRAND MANUFACTURER

Advantages	Disadvantages	Design strategy
• Growing new market shares. • Utilisation of spare capacity as a strategic possibility [1].	• Losing focus of own brands. • Losing brand value if the brand is not strong enough. • Cannibalisation of own brands' market shares. • Retailer's bargain power might grow. → Risk of becomming a dedicated private label manufacturer against own will.	• Innovate own brands in order to maintain brand value and differentiate from the private labels produced. • Innovate private labels in order to be specialists: - Developing products the competitors are not able to imitate. - Be able to deliver the best quality for the price. • Estimate the mutual competition of the private label and own brand, in order to make them complement each other instead of competing. • Keep or strengthen the brand value by: - Increasing the marketing investment. - Innovating new ways of marketing.

Table 2: Dual Brand – How the strategy reflects on the industrial designer's tasks.

DEDICATED PRIVATE LABEL MANUFACTURER

Advantages	Disadvantages	Design strategy	Ex. 3
• Private labels allow smaller companies to challenge the manufacturer giants.	• Dependent on retailer and renewal of contract.	• Uptimizing manufacturing methods and processes to lower the variable cost. • Use different materials. • Innovate the private label.	*"...the suppliers of private labels must refine the product every year in order to maintain the price level. If the product is the same as last year, they can choose to lower the price or loose the order."* [6]

Table 3: Dedicated Private Label – How the strategy reflects on the industrial designer's tasks.

DEGREE OF RELATION

Private labels' degree of relation to retailer and manufacturer differs. This can be described as either *adopted sub-brands*, *separate developed brands*, *delinked brands* or *co-brands* (fig. 4-6). The following describes how these relations affect the industrial designer's role and makes it more complex.
Table 1-3 reveal that each manufacturer strategy poses challenges for the industrial designer, but the ones described in table 2 seem to include the tasks of table 1 and 3, and therefore the following argumentation will focus on the *dual brand* manufacturer.

DEFINITIONS

Adopted sub-brands and *separate developed brands* have a clear link to the store they are bought in.
Adopted sub-brands (fig. 4) are often standard products and packaging developed by the manufacturer and offered to stores as private labels.
Separate developed private labels (fig. 5) are unique products competing for brand value. They are developed for a specific retailer, who decides the quality, price level, packaging etc., and therefore the product cannot be distributed under a different label in other stores. [1]

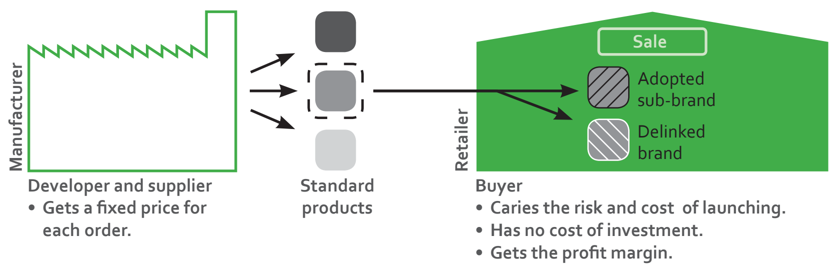


Fig. 4: Adopted subbrand and delinked brand

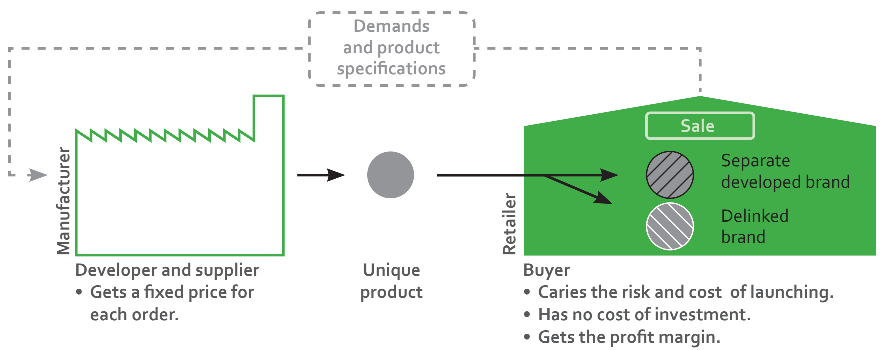


Fig. 5: Separate developed brand and delinked brand

Delinked brands (fig. 4 and 5) can be either standard or unique products, but they have no clear link to the store, and therefore the products cannot raise the image of the store or contribute to store loyal customers. At the same time they cannot damage the store image if they have a bad sale or the quality does not live up to the expectation of the customers. [1]

Co-branding (fig. 6) is an alliance between either two *national brands* or a *national brand* and a *private label* [4], and it gives a clear identification of the parties involved. It is often a close co-operation where the development of the product is a joint venture and the profit, investment and risk are equally divided between them. The parties' market position and reputation reflects on each other and support the values of the *co-brand*, which might result in a stronger market position. [1]

THE RETAILER AND MANUFACTURER SWITCH ROLES

When private labels are not *co-brands*, the manufacturer becomes a sub-supplier producing a defined amount of products for a specific price. The retailer takes care of the investment and sale and hereby takes over the risk of no sale and gain the profit if the product becomes a success.
The more unique a private label is the higher risk the retailer has, and therefore the retailer will try to minimize the risk by raising the demand of support from the manufacturer, e.g. the knowledge of competitors, marketing and manufacturing methods. [1]

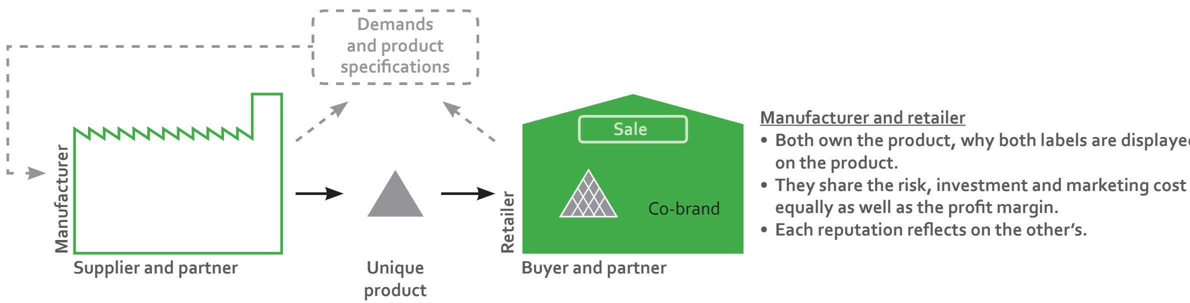


Fig. 6: Co-brand

THE INDUSTRIAL DESIGNER'S ROLE GETTING COMPLEX

Figure 4-6 showed the manufacturer as the developer, which means the employer of the industrial designer, but the industrial designer could as well be employed by retailer or be involved as an external consultant. Consequently, the employment and degree of relation affects the industrial designer's tasks and the knowledge necessary to fulfil them.

Employed by the manufacturer
The industrial designer's conceptual level has an impact on how well the *dual brand* manufacturer can avoid cannibalism and the undermining of own brands, as the conceptual level consists of product appearance, target group, marketing etc.

Adopted sub-brands are the manufacturer's choice of offering the retailer a standard product, and therefore they must relate to the business plan and design strategy from the beginning.

Separate developed brands are more complex to handle as they have to relate to specific demands and product specifications given by the retailer. The industrial designer has to estimate if a private label agreement can be entered without a negative impact on own brands and therefore he has to form a design brief of how to do it, which requires knowledge and understanding of some of the private label mechanisms.

Employed by the retailer
When the industrial designer is employed by the retailer (e.g. IKEA or H&M), the tasks are similar to the designer employed by the *brand only* manufacturer (table 1).
The industrial designer needs only to fulfil the retailer's demands without considering the consequences of the sub-supplier's business, nevertheless he has to consider the manufacturing possibilities and require knowledge of market tendencies and competitive products, depending on the label category (e.g. *copycat*, *premium* etc.)

Co-brands
The industrial designer must fulfil the demands of both manufacturer and retailer when developing a *co-brand*, and he must seek to combine their strengths regardless which he is employed by.

Employed as a consultant
A consultant's tasks depend on whether he is employed by the manufacturer, the retailer or both. It is expected that he is an expert within private labelling or gathers the necessary information to execute the tasks in the best suited way for his employer.

DESIGN PROFESSIONALS AND PRIVATE LABELS – A SURVEY

If a company develops a long-term business plan including everything from developing and manufacturing to packaging and marketing the product, the industrial designer can contribute to each of these areas and support the development of a design strategy. In order to do so it might be valuable if the industrial designer has some sort of knowledge of the mechanism within private label manufacturing.

A screening of the industrial designers' knowledge and opinion of private label manufacturing has been made, in order to give an indication of how the subject is handled.

The private label questionnaire

In order to gain knowledge of the industrial designer's experiences and knowledge within private label production, a web based questionnaire was developed and used in the research survey. It has been send to 90 practicing Danish industrial designers and development engineers, having up to 6 years of experience employed by Danish consultant or manufacturing companies.

The questionnaire was accessible for a week (November, 2010), but only 17 answered it. In order to distinguish between the answers of the participants, they are referred to as P1-P17. [5]

THE RESPONDENTS AND THEIR EXPERIENCES

The questionnaire revealed that half of the participants did not know what private label is about, and the other half primarily got their knowledge through their professional career, indicating that:

- Private label knowledge is gained through practice and not by education.
- Several manufacturers do not pass the knowledge on to the conceptual level of the industrial designer or simply do not consider private labels as a real competitor.

The lack of knowledge is not due to a limitation of product categories within private labelling, as the responses revealed private label production within all kinds of product categories such as the medico, wood and metal industry.

P5 did not have an immediate knowledge of private labels, but the following answers show a participation in *dual branding* of special developed products and *co-brands* within the *premium* and the *value innovator* category, indicating some industrial designers might be developing products for private label production without knowing much of the mechanism behind.

In addition none of the respondents have attended a seminar or workshop to gain a deeper and broader knowledge about private labelling, and only one of them has done independent studies of private labelling and is aware of it when shopping or if information is presented through media. This indicates that the manufacturer does not encourage the industrial designer to gain more knowledge than is provided by the company.

Only P2 and P5 want to gain more knowledge of the private label subject through seminars, workshops or the like, indicating that the industrial designers:

- Believe they have enough knowledge.
- Do not consider private label theory of great importance or know how it can benefit the product development.

As P2 is a consultant he might have a feeling that the knowledge can benefit his skills and make his business more attractive. As P5 did not have any knowledge within the area, she might want some in order to upgrade her skills and have a better understanding of the mechanisms she is dealing with in order to do a more efficient job.

The importance of private label knowledge

The manufacturers are in some degree aware of private label production, e.g. P1 is employed by a *brand only* manufacturer and designing high segment products. He knows of private labels existence, indicating that his employer takes private labels into consideration when benchmarking in order to differentiate own brands and keep brand value.

P4 is employed by a *dedicated private label* manufacturer, which produces *generic* products for a highly competitive area. He thinks private labels are a growing phenomenon due to the big chain stores getting more and more power, which is forced by the attempt to control the market and the manufacturer.

P4 estimates the largest disadvantage as:

> *"The manufacturer can easily be replaced by another, as the manufacturer does not own the brand".*

In order to overcome the challenge he suggest to:

> *"Create unique products which you believe can be used within private labelling."*

Indicating:

- P4 has practical knowledge of the private label mechanisms.
- How important the knowledge is within the conceptual level.

Some of the respondents are employed by *dual brand* manufacturers, where the *premium* and *separate developed products* seem to be in focus and might be a part of a *co-brand*, while the *generic* products are avoided indicating:

- That the retailers have a growing demand for high segment products of good quality.
- Risk of cannibalising the brands and undermining the brand value, as the quality gap between private labels and brands is getting smaller.
- How essential the knowledge of private label strategies and mechanisms is and that the importance of it increases.

Still, none of these respondents can give a concrete example on which advantage or disadvantage the manufacturer faces or know which design strategy could be in use, when producing and developing private labels. Furthermore none of the respondents know which design related possibilities or challenges they must consider, when designing for private label manufacturing.

DISCUSSION

Based on the assumption of the questionnaire and the theory, private label knowledge seems of an increasing importance with regard to the manufacturer's business plan as well as the conceptual level of the industrial designer, in order to ensure the company's strategic survival.

Nevertheless, the industrial designers' knowledge seems limited, indicating a lack of focus and education within the area, and therefore:

- The manufacturer should encourage their industrial designers to attend conferences, seminars etc. to gain more knowledge.
- The educational institutions should consider private label theory as a part of the education of industrial designer or development engineers.

As the response of the questionnaire is very limited, the survey is insufficient and can only be serving as an indicator. In order to have a more accurate result a new survey must be developed and forwarded to a larger group of respondents. Additionally the relations between the retailer and manufacturer might be included in order to identify the complexity of these.

PRIVATE LABEL TEORI

Som ”Designing for Private Labels” konkluderede, er det ikke uvæsentlig, at producenten ved, hvilke konsekvenser det får at gå fra *brand only* til *dual brand* producent, men det er ikke kun producenten, private labels har indflydelse på. Når et private label eksempelvis introduceres på et ”brand” marked, kan det have en indvirkning på prisudviklingen og innovationen af de eksisterende produkter.

Dette kapitels første afsnit vil uddybe nogle af de faldgrupper en *dual brand* producent skal tage højde for, for at undgå at forretningsstrategien undermineres, på grund af aftageren har for stor forhandlingskraft.
Det efterfølgende afsnit vil derefter danne et overblik over, hvilke konsekvenser introduktionen af et private label kan have for markedet, og hvorfor kundesegmentet og brandimage er afgørende faktorer for producenten.

Ill. 1: Private label teori

KORTSIGTET VINDING ELLER LANGSIGTET STRATEGI

Ifølge den videnskabelige artikel er det vigtigt med en langsigtet forretnings- og designstrategi uanset om virksomheden ønsker at indgå i et private label samarbejde eller fravælger det. Derfor bør en *dual brand* producent nøje overveje, om private label produktion, påvirker egne brands i produktionen eller ved salg.
Artiklen viser endvidere, at magten kan flyttes fra producent til aftager, og derfor uddyber dette afsnit hvilke mekanismer, der gør sig gældende, når dette sker, samt hvad producenten kan gøre for at forhindre det.

OVERSKYDENDE KAPACITET - *DUAL BRAND* PRODUCENT

Hvis en virksomhed har overskydende kapacitet, kan det virke tiltalende at benytte private label produktion til at udfylde hullet og skabe ekstra omsætning. Den endelige fortjeneste afhænger imidlertid af flere faktorer, og om virksomheden kun koncentrerer sig om den kortsigtede vinding i stedet for at se nærmere på de langsigtede konsekvenser.

Kortsigtet vinding – den onde cirkel
Nogle producenter kan fristes til at indgå en aftale med en aftager, hvor kun de variable omkostninger og egen profit er dækket. Dette kan skyldes kombinationen af to faktorer:

- De faste omkostninger skal betales uanset om der produceres private labels eller ej.
- Private label produktionen er enten tids- eller kvantitetsbegrænset.

Hvis private label produktet bliver en succes, vil aftageren forsøge at forlænge kontrakten, og derfor er det nødvendigt at medregne de fasteomkostninger allerede inden kontrakten indgås første gang. Hvis dette ikke er tilfældet, vil de faste omkostninger æde producentens profit (fig. 7).

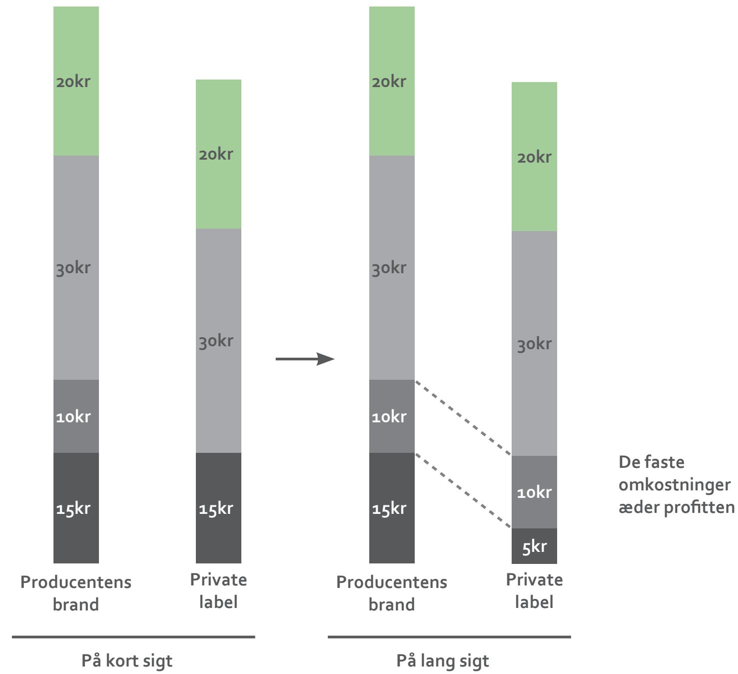


Fig. 7: Eksempel på kortsigtet og langsigtet profit for producenten, hvis der ikke tages højde for de faste omkostninger - Efter Kumar og Steenkamp [1, fig. 8-1, s. 135]

Forhandlerens profit
Variable omkostninger
Faste omkostninger
Producentens profit

Et konstrueret eksempel, hvor salgsprisen for private label ligger 10kr under producentens brand. Der skal derfor sælges 3 stk private label for at opnå samme fortjeneste som ved producentens eget brand.

Hvis et private label kannibaliserer egne brands, skal det i dette eksempel erobre mindst dobbelt så mange nye markedsandele (fig. 8)

Succesen kan medføre, at private label produktet kannibaliserer egne markedsandele, hvis det ikke afviger fra producentens egne brands. Producenten kan derfor enten være presset til eller selv ønske at indgå en ny kontrakt med aftageren for ikke at miste markedsandele.
Dette kan betyde, at:

- Aftager presser prisen eller hæver kvalitetskravet, eftersom dennes forhandlingskraft er øget.
- Den samlede fortjenesten er lavere end før private label produktionens indgåelse, hvis der ikke er taget højde for de faste omkostninger (fig. 7 og 8).
- Fokus flyttes fra egne brands til private labels, hvis der ikke er afsat ekstra tid til forhandlinger og håndteringen af private labels.

[1]

Aftageren kan også vælge at skifte til en konkurrerende producent, der kan levere samme produkt billigere eller til en bedre kvalitet. Ud over risikoen for at miste markedsandele kan det få den konsekvens, at aftageren tager produktionshemmeligheder med sig.

> *"I USA har prispresset betydet, at leverandører af private labels hvert år skal udvikle produktet for at fastholde prisen. Er varen den samme som sidste år, kan de vælge mellem at gå ned i pris eller miste ordren."* [6]

Dette kan illustreres ved en ond cirkel, hvor producenten fastholdes af aftagerens magt, som vokser i takt med succesen af private label produktet (fig. 9).

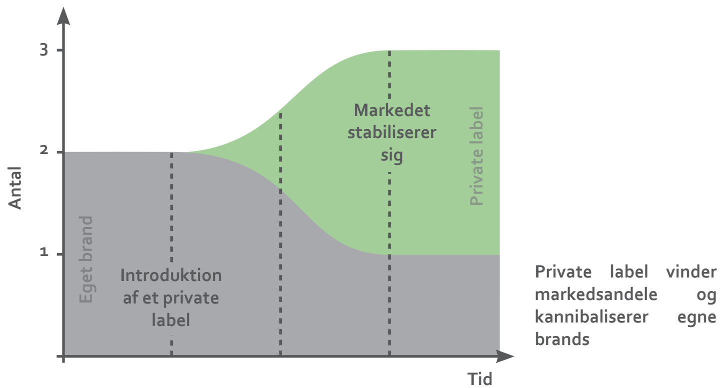


Fig. 8: Eksempel på tabt fortjeneste
Omsætning inden private label introduktion:
2 stk a 15kr = 30kr (Eget brand)

Omsætning efter private label introduktion:
1 stk a 15kr = 15kr (Eget brand)
2 stk a 5kr = 10kr (Private label)

I alt: 25kr

Tabt fortjeneste efter introduktion af private label: 5kr

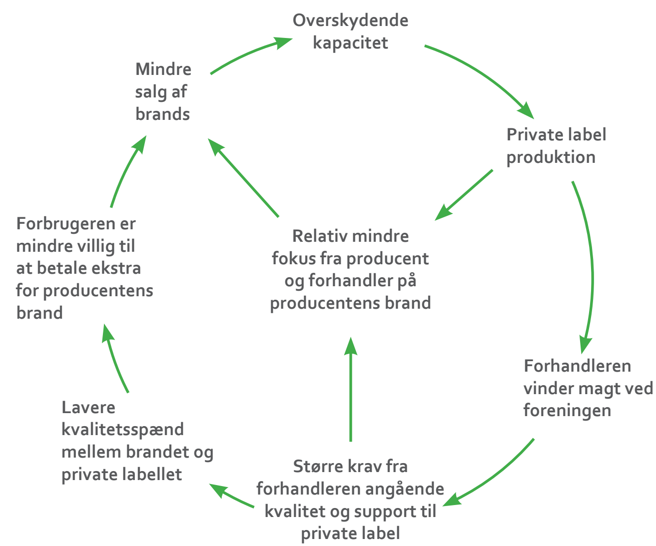


Fig. 9: Den onde cirkel - Efter Kumar og Steenkamp [1, fig. 8-2, s. 140]

Langsigtet strategi

Ved at se private label produktion som en langsigtet strategi, er det muligt at takle disse problematikker inden de opstår, enten ved at afvise private label produktion eller benytte den som en strategisk vinding.

Den langsigtede strategi omkring overskydende kapacitet afhænger af om den er strukturelbetinget eller tidsbegrænset.
Hvis det er strukturelbetinget, kan virksomheden overveje at benytte private label produktion til finansiering af en nedjustering.
Hvis den overskydende kapacitet derimod er tidsbegrænset, kan der indgås en tidsbegrænset kontrakt med aftageren indtil salget af egne brands stiger igen. På denne måde undgås nedlukning af produktionslinjer og fyring af medarbejdere.

Endelig kan en langsigtet strategi også inkludere private label som en fremtidig forretningsstrategi. Dette kan lade sig gøre, hvis producenten er specialist indenfor sit felt og enten er den eneste, der kan producere produktet eller kan producere den bedste kvalitet til prisen.

Figur 10 viser hvilken type strategi, der bør anvendes afhængig af situationen.
[1]

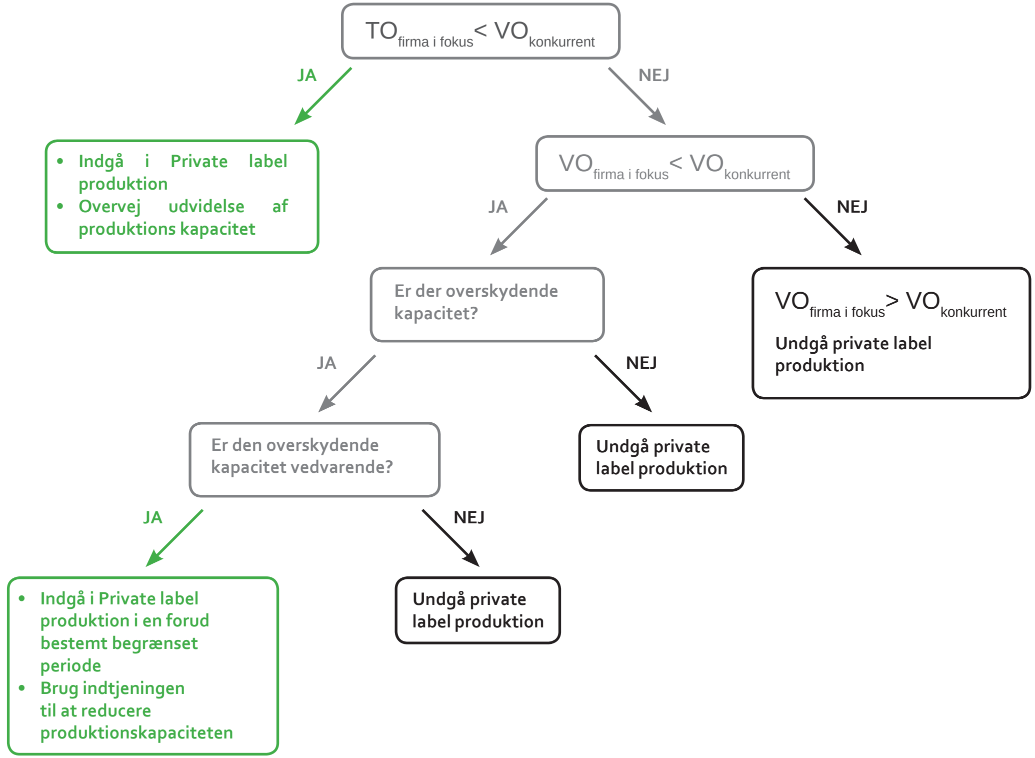


Fig. 10: Hvornår et private label samarbejde er en rentabel strategi - Efter Kumar og Steenkamp [1, fig. 8-3, s. 143]

Indeks
Den konkrete virksomheds totale omkostninger

$TO_{firma\ i\ fokus} = FO_{firmaet\ i\ fokus} + VO_{firmaet\ i\ fokus}$

$TO_{firma\ i\ fokus}$ = Totale omkostninger

$FO_{firma\ i\ fokus}$ = Faste omkostninger
De faste omkostninger går til afskrivninger, rente-udgifter, leje af produktionshaller mv.

$VO_{firma\ i\ fokus}$ = Variable omkostninger
De variable omkostninger består af omkostninger til at producere varen såsom råvarer, produktion og lønninger.

$VO_{konkurrent}$ er de variable produktionsomkostningerne, som et vilkårligt konkurrerende firma har ved fremstillingen af samme private label.

MÅLGRUPPE OG BRANDIMAGE

Dette afsnit ser nærmere på, hvordan private labels og forbrugernes indkøbsvaner kan påvirke efterspørgslen på brands og dermed deres pris og kvalitet.

KATEGORIINDDELING AF FORBRUGERNE

Forbrugerne kan inddeles i fire kategorier; the *private label buyers*, *random buyers*, *toss-ups* og *brand buyers* (fig. 11), hvor *random buyers* og *toss-ups,* hverken er loyale overfor private labels eller producentens brands, og derfor veksler mellem de to typer af produkter. [1]

Random buyers går efter den bedst forventede kvalitet, og det er derfor vigtig for producenten at udvide spændet enten ved at give forbrugeren en følelse af merværdi eller ved at gøre produktet mere eksklusivt.
Toss-ups er mere prissensitive og går efter det bedste tilbud, uanset mærke. [1]

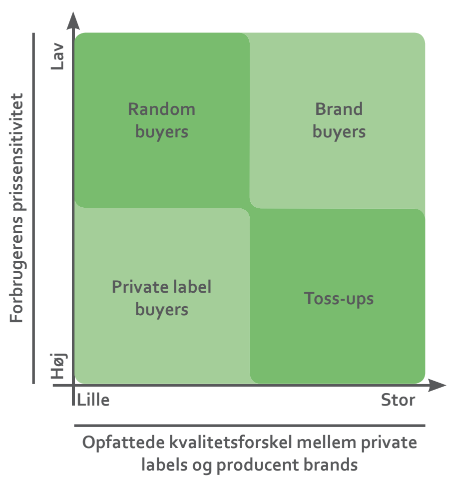


Fig. 11: De fire forbrugergrupper - Efter Kumar og Steenkamp [1, fig. 6-2, s. 92]

KONKURRENCEEVNEN

Forbrugerens forventede kvalitetsspænd mellem private labels og brands bliver mindre, da kvaliteten af private labels tilnærmer sig og i nogle tilfælde overstiger de førende brands, hvilket udfordrer brandproducenterne.
Ifølge Bjarke Larsen, redaktør for KONTOR|papir, og Eric Bruhn, direktør i Dagligvareleverandørernes Forening, er private label produktion en gevinst for forbrugeren eftersom det øger antallet af kvalitetsprodukter til en fair pris og tvinger producenten til at tænke innovativt og udvikle nye produkter. [6], [13]

Private labels er en god forretning for forhandlerne, da det tillader dem en større profitmargin og derfor sætter Klaus Jørgensen fra Landbrugsrådet spørgsmålstegn ved om private labels er en forbrugergevinst eller om det nærmere en gevinst for forhandlerne:

> *"Mister leverandørerne en ordre, vil de tie stille og håbe på at få ordren næste år. Som vi ser det, flytter udviklingen med flere private labels magten fra fødevareproducenterne og forbrugerne over til detailhandlen."* [6]

Mayland's marketingschef, Lars Rasmussen, tvivler også på forbrugerens gevinst, da han vurderer, at stærke livsstilsprodukter ikke er så mærkede af private labels indtog, eftersom disse brands henvender sig udelukkende til *brand buyers*, hvor prisen er ligegyldig. På baggrund af dette, vurderer han, at markedet ikke er blevet større ved introduktionen af private labels men kun mere segmenteret, hvilket giver større spredning på kvalitet og pris. Dette kan resultere i, at producenten vælger at fokuserer på livsstilsprodukterne, for at skabe et større kvalitetsspænd mellem private labels og egne brands for dermed at skabe merværdi. [13]

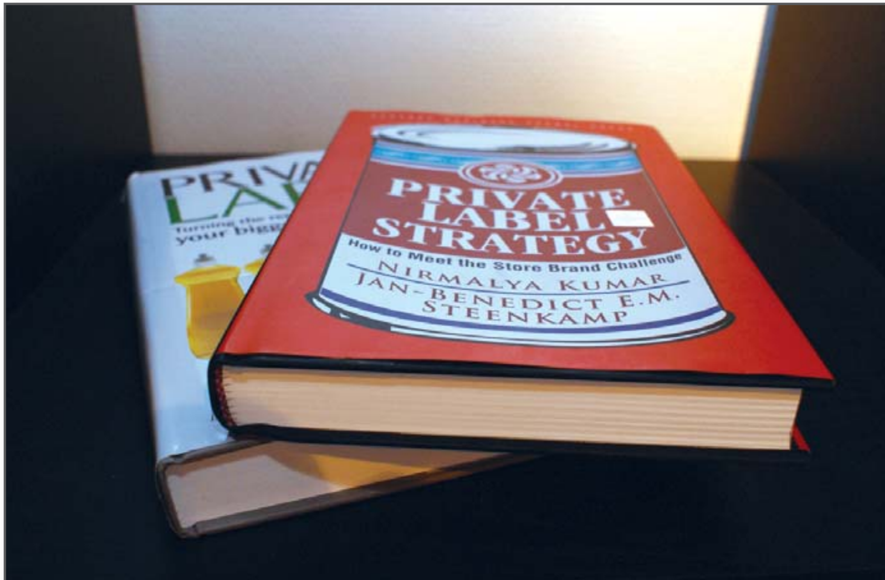
Denne teori understøttes af Gabrielsen, Steen og Sørgard, da de udtaler at prisen på producentens brands ikke nødvendigvis vil blive reduceret ved introduktion af private labels:

> *"After entry of a private label each producer of a national brand may find it attractive to sell only to the consumers located close to its product in the characteristic space. This may lead to an increase in the price of the national brand, since it before entry sets a low price to attract consumers located far away from its location."* [3]

Hvorvidt private labels er en gevinst for konkurrenceevnen afhænger derfor af:	Uddybning	Konsekvenser
Hvor stærk producentens brand er og hvor mange loyale kunder det har.	Jo stærkere brand og jo mere loyale kunderne er, desto nemmere kan producenten nøjes med at fokusere på disse og være ligeglade med de vægelsindede kunder - *random buyers* og *toss-ups*.	Prisstigning af producentens brands.
Hvor succesfuldt et private label er.	Jo større succes, desto mere indflydelse har det på producentens brands og priser.	Dette kan betyde at brandproducenten enten: • Reducerer prisen på produkterne eller • Øger kvaliteten og/eller mere intens markedsføring, hvilket øger omkostningerne og eventuelt antallet af brandloyale kunder, hvilket betyder at prisen bliver hævet.
Hvor stor differentiering, der er mellem et brand og et private label.	Jo større forskel, desto mindre indflydelse har et private label på et brand og dets pris.	Ingen effekt på pris eller kvalitet.
Om producenten skifter forretningsstrategi og grupperer markedet i et høj- og et lavsegment, og derved undgår at et produkt skal henvende sig til både *Brand buyer*, *Toss-ups og Random buyers*.	Producenten har mulighed for at opdele sine brands i to kategorier, hvor den ene er af lavere kvalitet end den anden og kan sælges til en lavere pris, eventuelt som private labels. Den anden kategori gør det muligt at fokusere på de brandloyale kunder, som gerne vil betale for brand og kvalitet.	Prisen kan hæves på egne brands. Producenten har mulighed for mersalg, hvis brandværdien hæves på egne brand, da det gøres mere eksklusivt, når de ikke skal henvende sig til *Random buyers* eller *Toss-ups*.

Tabel 4: Private labels indflydelse på konkurrenceevnen [3]

KONKLUSION OG REFERENCER



Dette kapitel giver et kort resumé af de forrige kapitler for at fremhæve de problematikker, der kan opstå ved introduktionen af et private label. Afslutningsvis angives litteratur- og illustrationslisten.

Ill. 2: Konklusion og referencer

KONKLUSION

Inden en producent indgår i et private label samarbejde, er der nogle faktorer, denne skal være opmærksom på. Som udgangspunkt skal en langsigtet forretningsstrategi udvikles, som med fordel kan inkludere en designstrategi.

Denne strategi skal laves på baggrund af virksomhedens nuværende og fremtidige situation, hvor der tages højde for virksomhedens brandværdi, målgruppe og konkurrenceevne i forhold til konkurrerende producenter.

Hvis producentens brandværdi og kvalitetsspænd er for lav i forhold til et private label, er der en stor risiko for, at private label produktet kannibaliser egne markedsandele, uanset om det er producenten selv eller en konkurrent, som fremstiller det. På grund af dette bør private labels altid indgå i benchmarking, for at kunne målrette egne brands og markedsføringen af dem.

Samtidig kan private labels åbne op for nye markedspotentialer, hvis egne brands er begrænset af en specifik målgruppe eller af, at brandværdien ønskes bevaret. Med den rette strategi kan private labels og egne brands derfor supplere hinanden i stedet for at kannibalisere.

Dette kan eksempelvis gøres ved at:

- Producere produkter indenfor anden produktkategori end egne brands.
- Producere private labels til et andet segment end egne brands, eksempelvis ved:
  - Differentieret pris og kvalitet, som giver større kvalitetsspænd mellem de to mærker.
  - Differentieret design, målgruppe og salgskanaler så forbrugeren ikke umiddelbart vil sammenligne de to mærker.

Ved dual branding er der en risiko for at miste fokus af egne brands, og der må derfor afsættes ekstra tid til private label området med hensyn til forhandling, salg, udvikling, markedsanalyse mv. alt afhængig af, hvilke delprocesser aftageren selv tager sig af.

Forhandlingerne kan betyde, at kravene skærpes for producenten, men for at reducere aftagerens forhandlingskraft, kan producenten indvillige i at indgå i et co-brand. Herved ejer begge parter produktet og deler investering, risiko og fortjeneste ligeligt. Sådan et samarbejde betyder også, at hver parts omdømme smitter af på den andens, og derfor bør producenten overveje hvilken samarbejdspartner, der kan være med til at øge brandværdien af egne brands.

Producenten kan også forsøge at blive specialist indenfor området, ved at kunne producere den bedste kvalitet til den laveste pris, eller være den eneste, der kan producere produktet. Et af midlerne er innovativt design og udvikling, der gør kopieringen af produkterne vanskelig; mens et andet er udvikling af nye produktionsmetoder eller justering af produkterne, så de variable omkostninger reduceres.

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ILLUSTRATIONSLISTE

Figurer

Fotoillustrationer