

Research on the Own Brand Marketing Strategy of Retail Enterprises in China

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Abstract

With the Chinese government "WTO" promise coming to true, the retail industry in China have become the highest market-oriented industry. In order to survive, marketing strategy for continuous innovation will be continued, and the development of self- brand is innovation strategies.

Keywords: Retail enterprises, Own brand, Marketing strategy

To create own brands for retailers in an increasingly competitive and growing homogenization of the Chinese market is different strategy and a powerful weapon for competitive advantage. Own brand has become the world's booster in various regions to promote the growth of retail business, AC Nielsen research shows that in the global market, the rate of development of 2 / 3 of the own brand are more than that of manufacturer brand. But in the domestic market, own brand is just in its infancy which need retailers arouse attention.

Retailers own brand (Private Brand) is brand that the retailers choose the right investment in factories or manufacturing enterprises in the relevant manufacturer or have some stake in their production by manufacturers, which are marked with retailers to develop their own brand. Retailers own brand first appeared in 1928, when Britain's Marks & Spencer Group's single brand strategy - selling mainly its own brand, "Saint Michael" series of products, "Saint Michael" brand has been recognized own-brand products model for the British. In the late of 20th century 60s, own brand became rivals of manufacturer brand especially for the packaged consumer goods. In recent years, retailers in China have also developed its own brand. Shanghai Hualian Supermarket launch series products marked "thrifty" brand in 1996, Beijing Hualian Supermarket own brand development is since 2000 and has developed more than 20 brands, 146 items.

1. The advantage of retailers own brand

1.1 Conducive to the formation of differential advantage in the retail market

In order to implement the own-brand strategy, firms should base on external market conditions, the strength of internal conditions, competitor market position and characteristics of target market needs, organize production timely and supply some of its own brand. So products feature will be rich, while enterprises are able to based on own commodity and to provide consumers with more comprehensive services.

1.2 Conducive to the formation of price advantage

As own brand by the retailers themselves are generally organize production or direct orders from the factory, so it can save a lot of purchase links, saving transaction costs and distribution cost.

1.3 Conducive to the formation of information superiority

Retailers deal directly with consumers, so they are better than the manufacturer both in time access to information or access to information on the quantity and quality. Retailers can keep abreast of changing trends in consumer demand and first-hand information of consumer demand to make rapid changes in the dynamic response.

1.4 Retailers can take full advantage of the product advantages of intangible assets

Large-scale retail enterprises have developed a unique business model in the operations management for a long run, and product name are often deeply rooted in the minds of consumers. Good reputation and best-known enterprises name own brand products with corporate name and sale within the enterprise, which can set a good image into the goods. People can easily link the quality service and rigorous management of enterprises with

own brand products, and then that can transform into commodity dependence and acceptance, which in turn further enhanced customer satisfaction.

2. The retailer's own brand of inferiority

2.1 The lack of ability of development and design products

Relative to the manufacturer, the retailer's expertise is timely to put forward marketable product design ideas in according to first-hand information. But limited by production capacity and production technology, they often can not find a suitable manufacturer, together with the monitor production or control system is incomplete, the quality of the products may not meet their targeting criteria, and thus undermine its own brand's reputation.

2.2 The lack of quality control ability

Retailer brand product quality control in the early general lack of support of science and technology, OEM products is often a lack of technical guidance and technical control, and therefore quality control and brand management has a gap.

2.3 The risk increases

As the retail brand is the variety of goods to share one or very few brands, the risk is great. In fact, the supermarket own-brand products is their business reputation, security, described as "harmed, or prosperity," If any one commodity problems will more or less damage the whole supermarket own-brand or the reputation of the Group. In addition, areas involved in expanse, which have extended to the production from the circulation area, the scope of its risk is also from the circulation into the production area.

3. Development of China's own brand

3.1 Poor awareness of the development of own brands

Many retailers will focus on the strategy of selection of suppliers, the whole image publicity. Efforts are not enough on brand development strategy shown in the varieties of own-brand goods, low commercial value and no significant difference between the qualities of the goods, which reduced the impact of its own brand.

3.2 Own brand name is too single

Most domestic retailers select store name as its own brand name, such as in Beijing many supermarkets use their own name as brand name. Using the same brand name has great disadvantages. Firstly, when there is a problem of own-brand products it is easy to damage the brand reputation of retailer; secondly, different types of products share a private brand name which is easy for brand positioning fuzzy. Various name strategies can be used, such as creating different products for different types of own brands, or retailers name combined with a single product name, or the use of individual brand names, and more.

3.3 Low degree of consumer brand awareness

Chairman of AC Nielsen said in "China's Retail Summit" that own brand in China, is not far from the development. Although China's commercial capital of Shanghai increased by 32% own brand over the past seven months, but the Shanghai consumers to retailers own brand awareness is very low, as surveys show that in the past month purchased from with only 15% of consumer brand. Therefore, retailers should increase own brand access to customer identification.

4. Conditions retailers must have for managing their own brands

While managing their own brands will give retailers benefits, but not all retailers can operate, retailers managing their own brands must have some conditions:

4.1 Substantial size

A considerable scale is the so-called retail business area, business projects and sales should reach a certain size, only with a considerable scale, to reflect the significance of economies of scale. Therefore, the own-brand strategy generally does not apply to all business enterprises, but it is applicable to large commercial enterprises, especially large-scale retail enterprises.

4.2 Sufficient strength

Own brand strategy implementation is a very complicated systematic project, the retailer should do such work as brand development, design and management, market research and product select. Otherwise, it should organize OEM production; determine commodity prices, commodity markets and marketing strategies. Small and medium sized retailers that do not have enough strength can not afford all the work.

4.3 Good reputation

Improve the quality of goods and services give companies a good reputation, good reputation is the main part to cultivate its own brand value. If the retailer has good corporate image and high reputation in the mind of the consumer, then own brand from the date of the birth of will have many features easily recognized and accepted by the vast number of consumers. While in recent years large retailers in China, including the rapid development of chain business, really achieved the scale of operations and economies of scale are not many; in recent years, new opened shopping malls is shrinking the size in the competition or even closed, there are also many failures, it is difficult to form a good reputation even for the domestic part of large retailers and to develop own-brand products is only in recent years. Most retailers do not have the capabilities of market information collection, product development, quality control and brand strategy management.

5. Own brand marketing strategy of retailers

5.1 Choose the right products

Retailers with the operating conditions of own brand should be clear that not all products are suitable for a retail brand.

From the perspective of retailer profit, products which sale is in large scale are suitable for own brand. Because only for large sales of goods, business can develop to implement such a large number of orders, thereby reduce development and production costs and ensure its own brand merchandise at lower prices on the shelf;

Starting from the consumer's buying behavior, goods which purchase for high frequency are suitable of its own brand. Such as "Watson" chose more than 1200 kinds of health and skin care products to let which consumers purchase for the most frequent and have the greatest impact on behavior. The average price is about 5% lower than the market price. This will help retailers to develop new customers, enabling them to buy a new brand of merchandise;

Goods which are fresh and in good quality requirements are in high level are suitable for own-brand goods. At present, many stores have a lot of own-brand goods in fresh areas, such as bread, vegetables, fruit, and frozen products. Retailers use the advantages of short-channel in time to genuine goods available to the general consumers with good reputation as a guarantee.

5.2 To develop the right price

In the Pricing strategy of its own brand, it needs to decide price positioning fit with product positioning. If the manufacturers own brand product is not available, or when the retailer's own brand is a strong brand, you can take high-priced strategy, such as Carrefour of harmony slippers price in higher prices of similar products. If the own-brand product are similar products and in the manufacturer's reputation is obviously low, retailers tend to use lower prices to attract customers, and gradually increase the visibility of its own-brand goods. If the aim of the development of private brand merchandise is to form operating characteristics, to improve customer loyalty, and to attract a large number of consumer goods, you can take low-cost strategy.

5.3 Choose the right brand

From the perspective of the choice of retailer own-brand strategy, mainly the following types:

5.3.1 Original brand

Use the supermarket's own name, such as Hualian rice, Agriculture eggs. In general, the local supermarket brands tend to use the existing channels, fewer new brands. The benefits of using the original channel brand is by virtue of its brand awareness of the original channel, brand import time is short. If own brand products business is not successful, the brand could damage the original channel.

5.3.2 Single-brand and multi-brands

For example, Carrefour uses single brand strategy, such as the "Harmonies" for slippers, underwear, bathrobe and other textile category. Wal-Mart's own brand is much more complex, there is Sam selected (Sam's Choice), George Clothing (George), Kathie Lee and many own brand, its own brand is in many categories, such as pet food, children's toys entering the industry sales of the top 3.

5.3.3 Hard and soft brands Brand

Hard supermarket brand is that fully uses their own brands and conceal the information of manufacturers. Soft-brand may be a safer, more flexible options for supermarket, which is more flexible in application, you can adapt at any time according to the products and promotions.

5.4 Select the appropriate promotions

When retailers managing their own brands, its advertising primarily goodwill with retailers. Conventional methods including free distribution with in-kind photo posters, shelf promotions, themed activity of promotion, staff promotion, and store advertising and other methods.

The concrete form of advertising inside including direct signs, parking placard, shelf announcement, store broadcasting, shopping cart tips and so on.

The greatest advantage of the direct sales force staff is to promote through customer communication. In durables sales, such a direct dialogue determines to a certain extent whether a customer's purchase behavior will occur, and how and so on.

Many supermarkets also frequently linked by the system displays and promotions to encourage people to try their own brand. In the way of display, its own brand is often close to category leading brands, which will get good sales results. Linkage promotion is conducted through its own brand, buy Colgate toothpaste, its own brand toothbrush send, or buy Tide detergent to send its own brand towels. Although these methods are in a different way with the manufacturers commonly to use television, newspapers and other mass media to promote ,but this still not only reached a promotional effect, but also saved the cost of advertising.

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