Abstract. *Both producers and retailers are engaged in a constant battle for a spot in consumers' psyche. This is done not only through articles and products that are sold under different brands of producers or retailers, but also by retail brands, ie stores, locations or subsidiaries. In this way, when developing a market, the retailer uses branded product-specific strategies, which he manages to translate very well on his own retail brand. Obviously, both producers and retailers will try through the specific brand strategies adopted to approach consumers, to gain their attention and confidence by the promoted brands. Furthermore they will constantly bombard consumers with information regarding the benefits or utilities of their own brands, the time or money saved by consumers when buying a particular brand or even the unique features comprised by a brand. Confronted with such a wide range of concerted and focused influences on them, consumers must face environmental stimuli, to systematize the needed information and to take the best purchasing decision. They have to choose the proper article from the vast range of offered brands, based on the image that a brand has outlined in consumers' minds, and by the need they felt respectively (Foscht & Swoboda, 2007, p. 76).*

The present paper focuses on both producers and retailers specific strategies aimed at achieving an adequate position in consumers' minds. We emphasize on the most frequent strategies and also give specific examples.

Keywords: brand strategies, producer brand, retail brand, retailers' own brand.

PRODUCER VERSUS RETAIL BRAND STRATEGIES – POSITIONING VECTORS IN CONSUMERS' MIND

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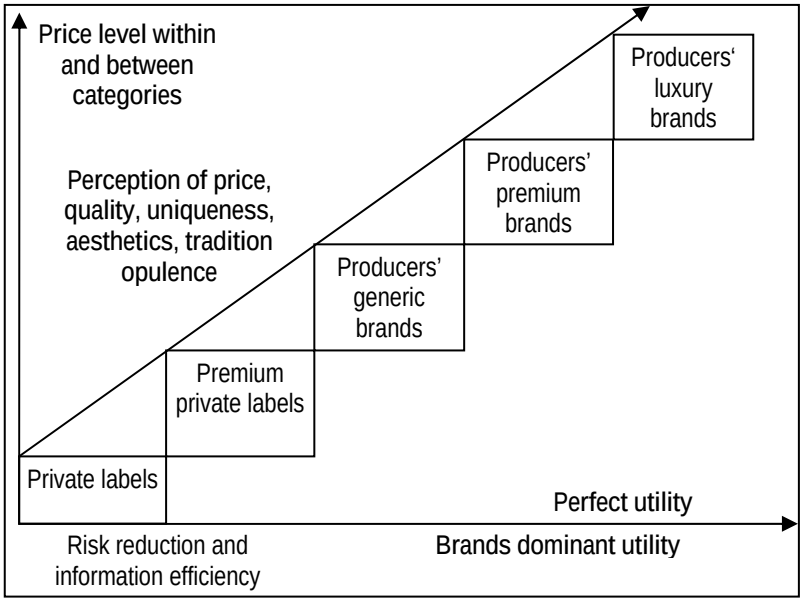
1. Producers and retailers own brands

Using several brands on different segments of the target market can be both advantageous and disadvantageous for producers or retailers. By doing so, a company should rely on several criteria as the product or article quality, their price level on the target market, the expected earnings, the consumers purchasing power, customers desire of achieving a certain level of prestige when buying such brands, the acquisition tradition of certain brands or the risk perception when buying.

From the very beginning a proper distinction between the two concepts of manufacturers' and retailers' private labels respectively, has to be highlighted. From the consumers point of view it is no longer important if when referring to a brand, he has in mind the classic branded article of a producer or any private brand of a retailer (Esch, 2007, p. 21).

The conceptual distinction between the two types of brands is done accordingly to the technical literature (Zentes & Swoboda, 2001, p. 197) depending on the legal holder of the ownership rights over them. Thus, if the holder is a producer, we refer to registered industrial or producer brands. While when the holder is a retailer or a retail chain we refer private labels. Private labels may also belong to professional associations or to other organizations.

Figure 1 provides an overview of different positioning possibilities for the two brand types, depending on the perceived utility (low risk on acquisitions) and the price level at which these brands are suitable for selling.



Source: Lasslop, 2005, p. 474.

Figure 1. **Positioning possibilities of producers versus retailers brands**

Regardless of the ownerships holder, private labels bear the distinctive characteristic of being exclusively distributed through retailers own locations, namely their branches or stores. One can distinguish between the following private labels (Ahlert et al., 2001, p. 46; Burmann & Meffert, 2005, p. 179; Zentes & Swoboda, 2001, p. 197):

– *Classic private labels* highlight a similar quality to those of producers' ones, but are offered at a more favorable price;

– *Generic private labels*, also known as "quasi" brands contain articles without any known name (no-name or "white" brands). They are sold at a relatively low price, which sometimes can be even at 50% cheaper than for similar producers' articles. Usually generic private labels have a relatively uncomplicated and unattractive packaging design, and a minimum quality level. The simple design ensures the quick and easy recognition of private labels by consumers. While in the 1960s, when these brands were first introduced on the market, they were regarded as a "response" of traditional retailers to discounter low quality and price brands. Nowadays generic private labels complete retailers assortment;

– *Retailers' premium private labels* produced under higher quality conditions and are sold at a relatively high price level. Retailers try to position such brands within the assortment of premium articles, generally bought by specific target consumer segments. Therefore retailers try to emphasize, the value, nobility, benefits or the incumbent utility (for example, organic products, or products that promote health, are of maximum value, or dietary ones). Through these own premium private labels, retailers try not only to attract customers, but also to bind them on a long-term basis, to gain their loyalty and thus to remove them from producers' brands. Success of such brands is impossible to achieve without special attention given to each product or without a proper communication and a constant maintenance of quality in time;

– *Imitative ("me-too") private labels* which bear a close resemblance to a producer's flagship brand. These imitative ("me-too") products take advantage of the image and trust enjoyed by the original brand that they mimic as they are sold at lower prices than the producer can afford.

On the other hand, ***producers*** also develop several types of brand products which they try to position on the market according to the same "quality" and "price" vectors (Duboi et al., 2001; Lasslop, 2005, p. 474):

– *Producers' luxury brands* manage to make their presence felt on a small number of market segments. As times goes by, this type of brands experience decline as they either are copied by retailers and offered at a lower price or become producers' premium brands. Then producers have to recoup, one way or another, the costs of obtaining the premium brands and obtain profit from them. The luxury brand is a brand whose price is higher than that of the products from the same category and delivers high quality to the customers; it is conspicuous by the features which make it to be unique, by its aesthetically pleasing aspect, by arousing the feeling that

consumption is adventurous, by the continuity of its design and display and the plethora of symbolic versus technical-functional characteristics.

– *Producers' premium brands* are like *producers' classical or traditional brands* in that they both share the same physical properties and advantages that help consumers to properly identify and differentiate them from the retail brands and the brands of other producers.

2. Ways to position producer versus retail brands

In his endeavor to position his brands, the producer may define, after conducting an analysis of macro- and micro-environment factors, a ***brand portfolio*** with which to target each segment of the target market. In order to address each market segment as properly and fully as possible, the producer may also choose to define his luxury, premium or traditional brands as (Aaker, 2004, p. 23; Burmann & Meffert, 2005, pp. 168-169; Keller et al., 2008, pp. 531-532):

– *flagship brands*. These are "star" brands which are expected to yield the highest profits and enjoy strong awareness among consumers;

– *flanker or fighter brands*. They serve as defenders of the profitable flagship brands. The fighter brands must be positioned so that they should not tarnish the image, awareness or success of the defended brands or cannibalize them. Instead, fighter brands should be able to better distinguish flagship brands from the competing brands, particularly from the retail discount brands. Moreover, whenever consumers are exposed to this type of brand, they should not form the impression that it is of a lower quality than the flagship brands;

– *cash cow brands*. Although the turnover they record is usually constant over time, it is high enough so that the brands may be retained in the portfolio. Their position on the market is ensured by long-standing, loyal consumers/customers. Due to the positive image they enjoy, these brands do not need so hardly to be supported by the marketing-specific tools;

– *"low-end entry level brands" and "high-end prestige brands"* are variations of the known brands, a sort of secondary brands that differ from the rest in quality and price or in the distinct utility they have.

More and more producing companies resort to creating brands that naturally belong to retailers. Although this measure determines them to give up promoting their own brands to a certain extent, by means of this dual strategy they manage (Barth, 1999, p. 184; Esch, 2007, p. 483; Sattler, 2001, p. 130; Wolters, 1997, p. 308):

– to make full use of certain production lines, thus bringing down the global production costs and accomplishing a faster amortization of equipment;

– to approach new consumer segments, thus increasing their own profits and their turnover, respectively;

– to reduce the communication effort as well as the product promotion costs as these costs shall be carried by retailers;

– to foster and strengthen the relationship with retailers and collaborate with them to deliver added value.

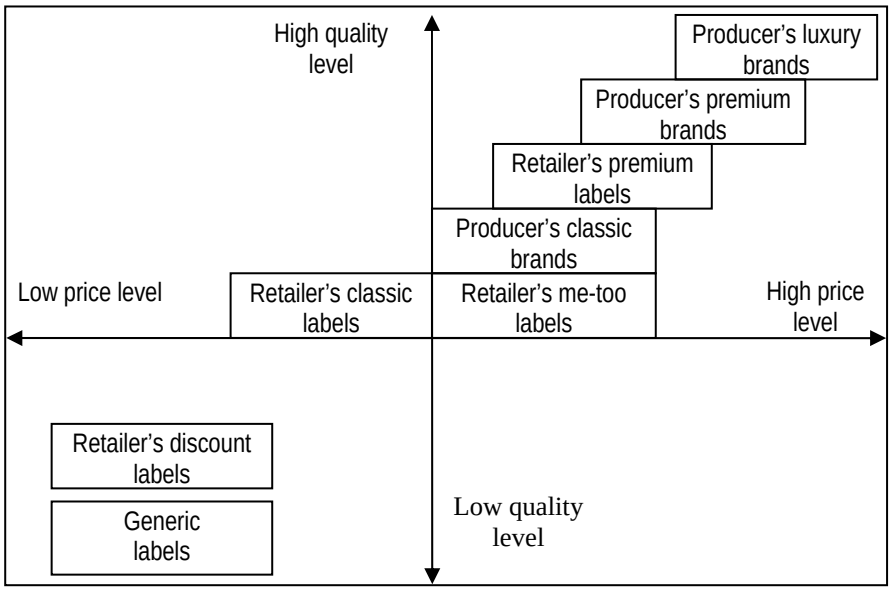
However, by resorting to this type of dual strategy, the producer will take some risks, such as, for instance, the possible cannibalization between his own brands and the other brands that he himself created, but for the retailer. By adopting this strategy, the producer is likely to tarnish the image of his own brands or consumers are likely to migrate toward cheaper retail brands which deliver similar quality at lower prices. At the same time, the producer will become increasingly dependent upon the retailer, as the latter will impose a certain price or will ask the producer to sell at lower prices for larger quantities (Sattler, 2001, p. 130).

In order to provide/sell their own brands at competitive prices, most Romanian retailers appeal to indigenous producers, 90% of whom are generally Romanian providers. Producers such as Scandia, Overseas, Expur, Standard Nutricia, Delaco, Aldis, Ocean Fish, Glina or Tehnoton manufacture various articles under the retailers' own brand. Under crisis conditions, some producers avoided bankruptcy by signing contracts with retailers.

Radu Roşca, Delaco's general manager, believes that, although the sales achieved by creating their own brands for various retailers is not on his agenda, as these sales represent only 10 to 15% of all the manufactured items, by means of these brands Delco manages to optimize its facilities and its transport and production capacity. "*Our intention is to enlarge our own brands portfolio. However, we do not wish that our brands be cannibalized by "private labels", which is a natural objective of any provider"* Roşca said.

Tehnoton Distribution, another indigenous producer, manufactures Focus gas cookers for Metro, Maxwel for Rombiz and No. 1 for Carrefour. 15% of the company's annual turnover of about 7 million RON in 2006 was obtained from selling its own brands. Similarly, Scandia, the Romanian leading producer of canned meat, has manufactured the „No. 1" brand for Carrefour since 2008. About 8% of the total number of articles manufactured by Scandia represent the company's own brands for various retailers (Ioniță, 2009; ***, *The brand makes the difference,* 2006; ***, *Scandia creates private labels for Carrefour*, 2008).

As far as brand positioning is concerned, the technical literature has advanced a two-dimensional space made up of the price and quality vectors according to which the retailers' as well as the producers' own brands can be ranked. Figure 2 provides a general overview of this endeavour.



Source: adapted from Bruhn, 2007, p. 12.

Figure 2. **Producer versus retailer brands positioning in the price/ quality two-dimensional space**

3. The producer's market positioning strategies

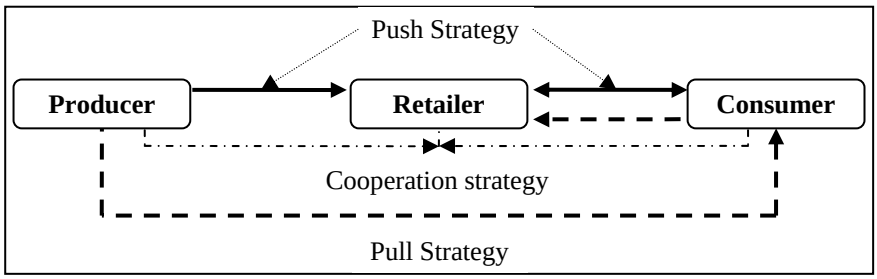
Whereas it is much easier for the retailer to approach the consumer when the latter comes to procure goods or services, the producer must resort to various strategies to advertise his own brands. Therefore, ***three strategies*** (also presented in Figure 3) are available the producer who sells his brands by means of retailers (Esch, 2007, pp. 475-477; Tomczak et al., 2005, pp. 1087-1111; Zentes & Swoboda, 2005, p. 840):

the "pull" strategy by means of which the producer uses advertising and other communication tools to focus exclusively on the consumer in an attempt to have the latter request his articles within the distribution channel. As the articles are requested by customers, they are absorbed within the distribution channel and the retailer has only to order and procure them from the producer. This strategy is usually applicable to major/strong brands as they are expected by consumers to be found with any retailer. And last but not least, the fact that retailers provide those brands that are most frequently requested by customers may ensure a minimum constant flow of products as well as the certainty that customers will regularly return to purchase;

the "push" strategy. This is an instance where the producer focuses mainly on the retailer, offering him products at promotional prices, by means of rebates or

discounts. At the same time, the producer will try to make consumers buy his products by resorting to merchandising or special offers.

the cooperation strategy. It is mainly based on the synergy accomplished through the active collaboration between producer and retailer within some logistical activities, sales promotion activities, providing producers within retail outlets with their own stands where they can attract customers and make personal sales, creating retailer's own brands/labels or efficient product delivery depending on the evolution of sales.



Source: adapted from Esch, 2007, p. 476.

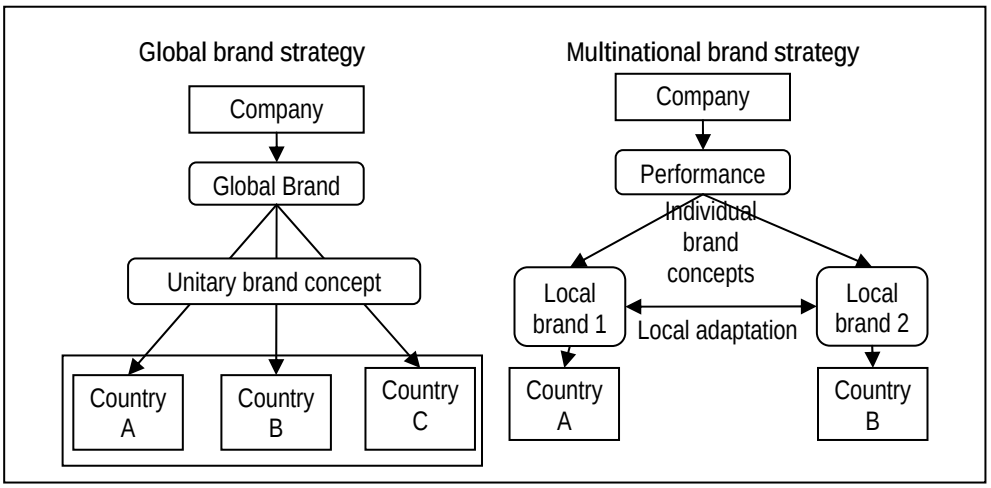
Figure 3. **Strategies used from producers when distributing their brands**

4. Brand portfolio management strategies

It is obviously important for the producer or retail company to find the optimal solution to maintain, increase or decrease the brand portfolio. Depending on the chosen brand strategy (individual, global, brand family, multi-brand, umbrella brand), the enterprise's success may sooner or later increase or decrease, may be useful or useless to the target group, may create a competitive advantage, effecting in the end a positive or negative image transfer between the company itself and its performance and contributing to the producer's or the retailer's effective positioning on the market.

4.1. Global brand versus multinational brand strategy

The use of brand strategies is highly important especially when external markets are explored. In this case, the enterprise may advance a unitary brand concept, called "global brand" (such as Coca Cola, Ikea, Kaufland) or a concept focused on different brands adapted to each setting, country or region or to each consumer segment. For the latter concept, we speak of the "multinational brand strategy" (such as Henkel Company) where the enterprise's performance or retail format is locally adapted, according to the specificities of a particular market. Choosing the best way to act is up the company's management who make decisions according to the adage "as much differentiation as necessary, as much standardization as possible (Swoboda, 2007, p. 74). The two types of strategy – global brand versus multinational brand – are presented in Figure 4.



Source: Swoboda, 2007, pp. 72-73.

Figure 4. **Global brand strategy versus multinational brand strategy**

The problem arising from the above-mentioned aspects concerns implicitly the utility of managing simultaneously more than one brand or the restructuring of the brand portfolio by eliminating some new brands (selling them) and bringing in other ones. Such decisions are taken both at the level of the enterprise's top management (for the entire retail network) and at the level of each retail format or subsidiary. The retailer will seek to apply these strategies to its own brands as well. By taking into account its area of competence, the needs of its customers as well as the competition, the retailer will have the possibility to choose from among various orientations, namely (Burmann & Meffert, 2005, p. 176; Esch, 2007, pp. 275-286):

– narrow – the focus is on individual brand strategies, that is, the concepts of mono-products or mono-brands (Persil, Ariel, Tempo);

– narrow to medium – focus on multi-brand strategies (VW);

– medium – the use of brand family strategies or the concept of product groups (Nivea);

– broad – the focus is on umbrella strategies (Ford, Siemens).

4.2. Individual brand strategy

Within the individual brand strategy, the enterprise promotes a single product or article on the target market, which contributes to the creation of a clear and distinct identity aimed at differentiating the brand from its competitors. This strategy is mainly beneficial when enterprise has an heterogeneous performance portfolio addressed to some different target segments featuring varying characteristics. The individual brand

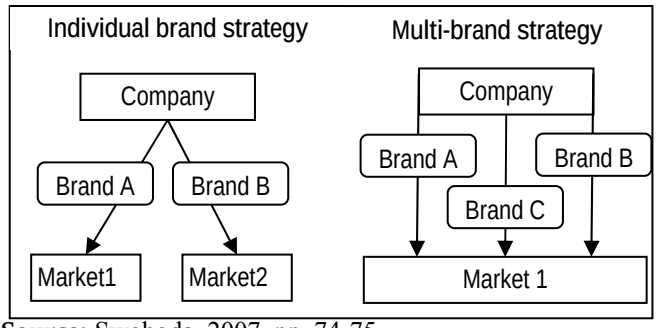
strategy may also be resorted to when the enterprise seeks to decrease the coordination effort of managing some brand families or "umbrella" brands.

Communication with consumers is achieved on an individual basis, for each particular performance or retail unit. As this strategy is implemented for innovative products, which no one knows exactly how they will be accepted or when and if they reach maturity, it offers the owner the possibility to reposition his products later. In case of failure, the transfer of a negative image on the entire group and the other brands is avoided (Becker, 2005, pp. 381-402; Esch, 2007, pp. 276-277).

As a retail unit, Auchan Romania preferred to create a new retail brand (Discount Market) and position it under a new format different from the usual one (supermarket) when it decided to explore the market in the Timiş area. In this manner, Auchan managed to avoid any confusion surrounding the retail concept promoted in other cities of the country (hypermarket). Moreover, by not associating the new brand to the French retail group, Auchan Romania prevented the image of its hypermarkets from being diluted as well as the conveyance of potential negative associations of the new format on the entire group in case of failure (Dabija, 2010).

Established at the beginning of the 19th century, the American producer Procter&Gamble boasts an annual turnover of some $ 70 billion obtained from its several hundred brands which the company purchased or developed over time. If we generally associate Procter&Gamble with household/domestic brands such as Ariel and Lenor, we should also remember that the company created brands in various areas such as (***, *Procter&Gamble Brands*, 2010):

- body care: Max Factor, Camay, Old Spice;
- health care: Blend-a-med, Fixodent, Always, Pampers;
- pharmaceutical products: Actonel—osteoporosis;
- batteries: Duracell;
- pet food: Eukanuba;
- chips: Pringles;
- household appliances: Braun;
- sports goods/items: Puma.



Source: Swoboda, 2007, pp. 74-75.

Figure 5. **The individual brand and the multi-brand strategies**

4.3. Multi-brand strategy

As shown in Figure 5, the ***multi-brand strategy*** represents a totally different challenge because it involves the parallel management and clear delineation of at least two brands. Usually the brands must exhibit distinctive characteristics, a different approach to the target market and must be perceived accordingly by consumers. The special advantage offered by the multi-brand strategy consists of reduced communication costs and a better market exploration. This is a good manner to create the premise of a competition in "one's own yard".

If properly exploited, the effect of this competition will be the ensuring of a good or prominent competitive position. However, the implementation of this strategy incurs some risks, of which we mention (Burmann & Meffert, 2005, p. 177; Esch, 2007, pp. 280-286; Freter, 2004, p. 61):

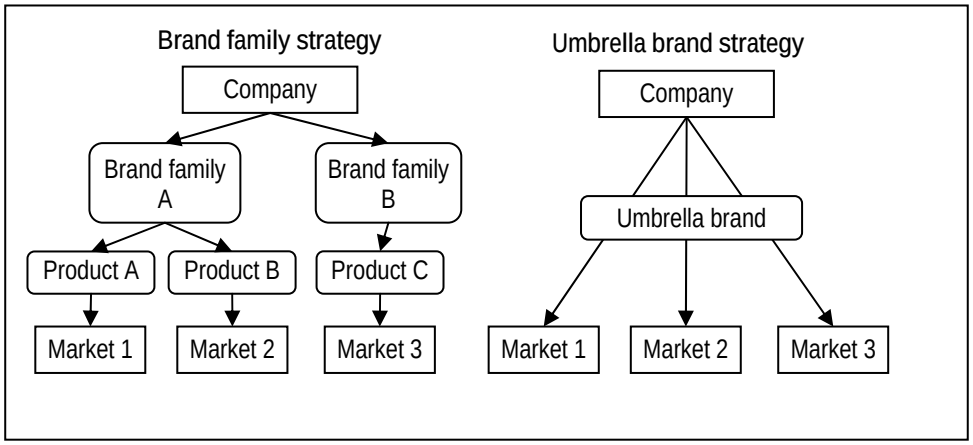
- the possible "cannibalization" of competing brands belonging to the same enterprise;
- possible overlapping of customer service;
- the impossibility to diversify the activity of the two (or more) brands;
- the swift transfer of unfavourable aspects on the whole group in case of failure;
- defective use of existing financial and manpower resources.

The multi-brand strategy is successfully used by some European retail chains such as the Metro, Rewe or the Lidl/Schwarz groups, each of which operating several retail brands under different formats or, in some cases, within the same retail format (Penny and Penny XXL as discount units in the Rewe group).

4.4. Brand family strategy

In the case of the ***brand family strategy***, the company places several articles under a unitary brand within which several product lines are managed. In this way, cost savings and a favourable or unfavourable image transfer between the company and each individual brand can be achieved (Burmann & Meffert, 2005, pp. 175-178; Esch, 2007, pp. 280-282).

This strategy is well represented by examples such as the Tesco (Great Britain), Coop (Switzerland) or Wal-Mart (USA) groups. These groups included within all retail formats (hyper- and supermarkets, discount units) the name of the group they are a member of. Undoubtedly, the success of this strategy depends on the consistency and clear projection of the brand image on the reference market, a concept that is mainly applicable to the "strong" brands.



Source: Swoboda, 2007, pp. 76-77.

Figure 6. **The brand family and the umbrella brand strategies**

4.5. Umbrella brand strategy

The ***umbrella brand*** strategy presupposes that several articles of different utility are marketed under the same unitary brand. This strategy is worth using when:

- the company's volume of supplies is too high and difficult to manage through the individual market strategies;
- the target segments do not clearly differentiate from each other;
- some social developments (change in fashion) exert a strong influence upon the articles.

4.6. Other brand strategies

The retail brands may also be managed through the following strategies (Esch, 2007, pp. 441-445; Freter, 2004, pp. 60-65; Giersch, 2008, p. 44; Zatloukal, 2002, p. 1; Dabija, 2010, p. 78):

– ***Brand transfer*** refers to projecting parts of a known brand's positive image onto a new brand. The retailer may create a new retail brand (Carrefour → Carrefour Express) under the same format or under a new retail format (hypermarket → supermarket) in order to approach new consumer segments, increase his market share or reduce some operational or procurement costs. The situation may worsen when several shifts (transpositions) of this kind are implemented simultaneously or successively. A negative effect of using this strategy is the possible erosion of the brand's image or the decreased likelihood of consumers' identifying themselves with the brand.

– ***"Co-branding"*** refers to joining some retail brands to create a new brand. This is a good manner to avoid too large initial investments and pave the way for the

swift increase in awareness of the new brand. Co-branding also provides possibilities to retain consumers/customers, and banks and credit institutions use it in partnership with some retailers. The German retail groups Edeka and Tengelmann are good examples in this regard. In the autumn of 2007, they went into partnership to create a new retail brand—"Netto Marken Discount". Furthermore, all the present Plus subsidiaries of the Tengelmann group will undergo an ample process of modernization and re-labelling under the new brand (re-branding);

– ***"Ingredient branding"*** is used to associate the performance of several partner companies in order to offer an as complete a product as possible or an as advanced a technical solution as possible (Dacia automobile equipped with Michelin tyres, Bosch engine and Varta batteries);

– ***Combinations*** of various strategies imposed by the restructuring of the brand portfolio. The restructuring is necessary because the brand's image has been diluted or lost the trust of the target public or some existing brands had to be eliminated;

– ***"Corporate branding".*** As representation of the corporate identity, this strategy is the connecting element between the manner in which the company perceives itself and the manner in which it is perceived by others. This strategy is sometimes implemented at all hierarchical levels of the retailer, producing synergistic effects on employees, on the conception of the unit or of its own marketed brands.

5. Conclusions

The wide range of brand strategies that the enterprise may resort to is useful in approaching properly the target segments of the explored markets as well as in "attacking" new ones. By means of these strategies, the enterprise will be able to clearly differentiate itself from its competitors. The proper use of various brand strategies will enable the enterprise to imprint, and later strengthen, on the consumers' mind a unique and strong position of its own performance, thus fully contributing to the creation of a powerful brand image and prompting consumers to be aware of the comparative advantages that differentiates the enterprise from its competitors, a fact that earns their trust and liking. Moreover, through the proper management of these strategies, the enterprise shall attempt to influence the customers' behavior, determining them to buy the brand again (the producer brand), revisit it (retail brand/label) or recommend it to others (and thus bind them to it), which means the enterprise will likely experience cost reductions and an increase of its financial performance, respectively (Pop, 2006, pp. 33-44).

Acknowledegments

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