

Retail Brands versus Manufacturer Brand Attributes: An Exploratory Investigation

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Abstract

One of the most recent innovations in retail strategy in Malaysia is the introduction of retail (or private) brands. Retail brands may bear the name of the retailer selling them, such as 'Giant', 'Tesco' and 'Carrefour', or may be sold under an entirely different name such as 'Aro' (Makro). Two of the largest hypermarket chains in Malaysia, Giant and Tesco, have taken different approaches to retail brand developments. Despite being a long established player in the market, the 'Giant' retail brand has only recently become available. In contrast Tesco, a relatively new entrant to the market, has launched two of its established UK retail brands 'Tesco' and 'Tesco-Value'. Using systematic random sampling via store-intercept techniques, this study investigates how 1000 consumers of the two chains view these different types of retail brand and manufacturer brands. Results show that Malaysian customers perceive manufacturer brands more favourably than retail brands. They perceive clear distinctions between the attributes of the manufacturer brand and those of retail brand, and in particular rate the manufacturer brand higher on the "traditional" indicators of quality, value and extrinsic cues. The results also suggest that the dual retail brand approach adopted by Tesco has caused some confusion

amongst Malaysian shoppers. Whilst the Tesco-Value brand proposition appears to be clearly communicated and understood by consumers, the relative positioning of the Tesco brand itself is more confused and blurred.

Key Words: Retail Brands, Attributes, Perceptions, Hypermarkets and Malaysia

Introduction

Retail brands have traditionally been perceived as lacking a high quality image, as providing poor value for money, and as being of inconsistent quality relative to equivalent manufacturer brands (Baltas, 1997; Prendergast and Marr, 1997; de Chernatony, 1988). However, in several European countries, retail brands have increased their market share to account for a significant proportion of the grocery market - 40-43 per cent in the UK; 33 per cent in Belgium; and 27 per cent in Germany (Baltas, 1998; Del Vecchio, 2001). This has indirectly created more competition for grocery products, as shoppers today face a far greater variety of products than in the past (Bhasin *et al.*, 1995; Dunn *et al.*, 1986). As retail brand ranges have developed, they have evolved from the low price/average quality alternatives to manufacturer brands typical of the 1970s, to in some cases, sophisticated value-added brands

