

## **Brand Management in Retailing with Customer and Producer Perspective**

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**Abstract:** *Competition conditions in global market are getting harder day by day. To be able to increase customer number and their brand value, firms make much more effort. On the other hand, customers become uncomfortable with the cost of the brand and the expenses which they have paid for this brand. However, in terms of producers, promotions and advertisements for their products are incremental costs. Retail brand products which are seen in literature as market label or private label products as well are products produced by retailer himself. In the past, retailers tried to make cheapest price all the time so they had to reduce the quality. However, firms which use that policy have some promotion problems in the market because while consumers prefer private label products, they want both quality and reasonable price as well. Aim of this study is that evaluation of private label products in terms of retailer, customer and producer; explaining advantages and disadvantages of it; and theoretically evaluation of the situation in Turkey and in the world.*

**Keywords:** *retail brand products, market labels, private label products, brand in retailing, and brand management in retailing*

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### **I. Introduction**

In recent years, retailing develops rapidly in the world. On the other side, brand competitions continue. Retailer firms which try to catch the competition with low price policy enter this contest with their own brands. These private labels served by retailer firms present attractive offer to producers from the point of both quality and campaigns. Retailer brands which are more economic and qualified in comparison with broadly known brands create a different phenomenon in marketing. Towards to at the end of recent century, brand concept has become popular and important resources are allocated for brand management. Brand management is identified as all activities done in the process of actualization of marketing plan and reaching brand's goal. Aim is that managing perception of the brand in the customers' mind.

In literature, retail brand products can be seen as store brand, own brand and private label (Zhou and friends, 2013:350). Briefly retail brand products are that presentation of retailer's own produced products to the customer. For the retail brand products can be a firm name or an original name. Those products are more available in fast moving consumer goods. Especially, they are low cost products which do not include brand value cost. Aim in retail brand products is answering consumer's needs and expectations with low cost but high quality. These products have various advantages both for retailer firm and for consumer. In terms of customer, the most important advantage of retail brand products is cheaper than other brand products. In terms of retailers, because it does not have costs such as promotion and advertisement, it gets a chance of owning price advantage in the sector as well as increasing its' profitability ratio.

In this study, firstly information about retailing is going to be given; brand concept and status quo are going to be analyzed; brand relation, advantages and disadvantages in retailing is going to be explained and then retail brand products which is so important in customer number increase are going to be analyzed with the perspectives of retailers, customers and producers.

### **II. Retailing Concept**

Retailing is an agency service which makes distribution of products and services between producers and consumers. With this transaction, products or services reach easily to last customer. Also, this sector presents products and guarantees consumers (Pala and Saygi, 2004:15). To be able say retailing to a sale, the most important condition is making this sale directly to customer. The person who buys the product should not have aim of re-selling it (Varinli, 2005:2-3).

Accordingly, consumer position is so important in retailing because consumer uses product to satisfying his own or family needs, not for profit. If he sales the product to anyone else, then he becomes customer (Durmaz, 2011:4).

### **2.1. Characteristics of Retailing**

Retailers serve as a bridge to transport products or services from producers to last consumer. So they try to be as close as possible to the consumer. In parallel with increasing consumption needs retailer's part gains importance day by day.

Retailing can be made in store or without store. Retailers with stores present their products in physical environment. Supermarket and pharmacy can be example for them. Retailers without stores reach to consumers via automatic selling, kiosk, direct marketing, electronic commerce and direct sale techniques (Kurşunoğlu, 2009:2175-2178).

### **2.2. Importance of Retailing**

When the market is analyzed, it is seen that retailing has made progress in recent years. The most important factors that affect are migration to big cities, technological developments importance day by day because main aim of retailing is presenting product with the right price and in the right time.

Consumer needs differ in time. Quality increase of product, services and increase in income level of consumers enhance this effect. Grocery stores, pharmacies, supermarkets, grocery store chains, shopping centers and off-price stores are colloquially well-known retails. In Turkey, for prominent hypermarkets; Metro, Real and for supermarkets; Migros, Carrefour can be given as examples. Also, for the popular reduced cost markets BİM, ŞOK, A101 can be examples.

To be able to understand whether there is any difference in quality, expectation difference between reduced cost market and supermarket costumers' perceptions, various studies are conducted. Costumers think that reduced cost market products have poor quality in comparison with supermarket products (Okumuş, 2005:128-131).

When we look at recent years, we see that small-scale retailers such as grocery store, greengrocer has started to turn into supermarkets and hypermarkets. With this transition, retail brand products have become more popular. Such kind of big market number increase day by day.

### **2.3. Being Retailer**

Being a small-scale retailer is easier in comparison with other commercial activities because when it is looked at in terms of capital and experience, being a producer and wholesaler requires a fund. Also, in the educational status and cultural development, retailing is not a very important criterion as much as other groups (Varinli, 2005:5). As it is in many sectors, there is a big competition in retailing sector. So, big retailers have started to serve attractive things. However, to be able to being a big retailer, it is needed that experience, a marketing survey and good investment. Also, success of big retailers is just possible with professional employees.

### **2.4. Retail Brand Products in Turkey and in the World**

After 1940s, in parallel with economic and global developments in the world consumer's living conditions get better and retailing has transitivized day by day. There are so many factors for this. After World War II, consisted small-scale markets have become supermarkets in Europe after 1965s. 1980s hypermarkets which includes non-food products, as well have opened. Today's, chains of distribution slowly give place to hypermarket and supermarket chains which have retailers in Europe (Pala and Saygi, 2004:18). In America, supermarkets entered market earlier and they achieved a certain satisfaction until 1950s. Then, USA differs from Europe. However, hypermarket concept is not accepted among Americans (Savaşçı, 2003:94-95). Also, while retail brand products shopping in Europe is so high, it is lower in USA (Reardon and et. al., 2003:1141).

In Turkey, modern retailing has started in 1954. Firstly, Migros and in 1956 Gima has taken a step. 1960s Vakko, Beymen, İGS, YKM have entered to the sector. However, till 1980s although various studies have been conducted about retailing, there is no significant step. In 1980s, "customer oriented sale" has started and next step was marketing understanding. 1990s with the help of overseas investments, retailers have come and 1990 is accepted as start of retailing in Turkey. Thus, some concepts such as "customer satisfaction", "relational marketing" have emerged. In 2000s, this situation increasingly has continued. In Turkey, competition in retailing is too much. After foreign investors have come, this competition increases. All in all, it is thought that small and local chain markets will decrease and after a while just big markets will survive (Gavcar and Didin, 2007:22-26).

In Turkey, general idea about retail brand products is negative. The most important reason of this situation is firms which have served concedingly, price oriented products in the past with the aim of addressing customers with low income. They produced concedingly, price oriented products and serve to consumers to be able to make profit in a short term. Those mistakes cause a negative image for retail products in the minds of consumers and consumers have prejudices about this issue.

## **2.5. Retailing**

In recent years, different steps have been taken in retailing and e-retailing concept has created. Firms which start to e-retailing earlier move ahead of their competitors (Hart and et. al., 2000: 954-955). Thus, with technological developments, firms and consumers have started to shop directly via internet. However, for brand value and brand recognition increase in interactive shopping, customer satisfaction is so important (Barutçu, 2008: 318-322).

## **III. Characteristics of Brand**

### **3.1 Brand Concept**

First appearance of brand concept in history is known as being marked animals with plaster method. Aim of it is distinguishing animal from others and identifying its group. In fact, that situation shows parallelism with today's applications. In most general meaning, brand is a distinguishing mark to be able to differentiate others' products and services. Those marks are the combination of name, logo and symbols. Brand gives a promise to the customer and stands a guarantor for its product (Çakırer, 2013:7). Apart from products' functional aim, brand becomes important with a name, symbol, design or sign (Gavcar and Didin, 2007:23-27). When it is considered from this aspect, brand is an identity for firms and businesses. Sometimes brand is seen with trademarks. This means that this brand is registered through legal channels just for the usage of that firm. In Turkey, that brand registration service is given by Türk Patent Enstitüsü (Turkish Patent Institute).

### **3.2 Importance of Brand**

Brand awareness is an important factor in communication with the customer. Also, interactive environments which in brands communicate with their customers are much more important than before. Now, technologic settings which include advertisements have great importance (Aydın, 2003: 70-71). Brand is the pioneer of differentiation and competition. At the end, it takes a place in the minds of customers automatically. Also, it helps to legally protection of the product and gaining trust of the consumer. In the interaction with the customer, brand has great importance.

## **IV. Brand Relation with Retailing**

Generally, retailer brands are known as market brand, its' own brand, store brand and private brand. Appearance of it has started in hypermarket in France at 1970s. First aim of appearance is price advantage. In 1990s, quality and confidence concepts have been included in this aim. Retail brands which show a great increase in the world have %45 of market share of England. In other European countries, this situation still continues. For example; Carrefour Market in France get %33 of their endorsement from their own products. However, in USA it has lower disposition between %12 and %15. In Turkey, it has approximately %10 of it and increases day by day (Aydın, 2003: 128-129). Nowadays, store or market branded products give confidence to consumers and they evoke quality and especially cheaper product image in the mind of customers (Lombart and Louis, 2016: 117). Those are generally food, cleaning, cosmetics and personal care products.

## **V. Characteristics of Retail Brand Products**

In general, first quality sense of customers starts with package (Underwood and Klein, 2002:58). Package visual should contribute creating confidence in the customers mind instead of suspicion (Topuzoğlu and frie., 2007:356). Package quality of retail brand products is similar with products which have high sales share. Besides volume and weight of those products are the same with the well accepted and high selling rate products. Aim of this is that giving opportunity to customer to compare without confusing him by looking at the package.

### **5.1 Advantages of Retail Brands**

There are significant differences between branded and retailer products in terms of their price. First of all, brand value is not given to retail brand product (Vaidyanathan and Aggarwal 2000: 216). Second one is that brand firms pay so much for marketing research, client survey, lab studies, ads and promotion in the process of production. However, for retail brand products, those expenses are not issue. Another difference is that some costs paid for being seen in sections and promotions may not be necessary for retail brand products. For brand products, there are expenses in stores for the sake of trade marketing. Also, possible returns to the firm seen as a burden, after sale customer relations and services' costs are not valid for retail brand products.

### **5.2 Disadvantages of Retail Brands**

Every retailer is not as experienced as a producer. Retailer is addressee for all customer complaints about retail brand products (Kadirov, 2015:1774). Bearing this responsibility and doing all necessary things are not easy all the time. A mistake about that issue will affect all retail brand products (Kılıç, 2009:50). So

customer services served in retailer firms have great importance. Another issue is that retailer should establish a quality control department to control products' quality because retailer becomes a guarantor to customer for all retail brand products that he sold. When viewed from this aspect, for the firms which do not have quality control department, quality control has become a problem from time to time (Glynn and Widjaja 2015:362).

## **VI. Retailer Brand in Terms of Retailer, Customer and Producer**

### **6.1 In terms of Retailers**

Customer compares his expectation before getting service and experience after getting service while looking at the quality of the product. If expectations are met, customer is satisfied; if not, he is not satisfied (Xu and et. al. 2007). Retail brands which are produced by making no concession on quality and according to legal procedures gain customer loyalty and satisfaction (Minarti and Segoro, 2014: 1017). So increase in customer number and positive value towards to firm be provided. Also, those products provide an important ease to retailers towards to imposed prices and marketing policy of brands. At the same time it helps to competitive environment.

### **6.2 In terms of Customers**

In recent years, customer satisfaction gained importance and in increasing competition conditions supermarkets, hypermarkets and chain markets take turn to retailing. The most important reasons are trust, quality and discount for the customers who shopping from those markets. When it is looked at the customer preferences, it is seen that quality has more positive affect than price (Gavcar and Didin, 2007,23-27). In this condition, when customers trust to retailer firm of private brands, it is going to be similar situation for the product as well. Because those products are more qualified in a healthy package and carrying out low price policy, it is understood that customers will prefer those products much more in the future.

Meeting customer's satisfactions, expectations and their benefits from retail brand products is so important (Miquel-Romero and et. al., 2014:667). If that crucial point is provided then retail brand products increase in value.

### **6.3 In terms of Producers**

For the producer; energy, labor cost, and rent are primary expenses (Demir and Sütçü 2002:92). In addition to them, rate of capacity utilization and working of production line efficiently are so important. Because retail brand product producer make batch and continuous production, he will drop some expenses, selling will increase and there will be a positive reflection in their statements (Draganska and Klapper, 2007:6). It is seen that capacity utilization increases with technological developments (Taiwo and et. al. 2002). So it is expected that whole investment for production site will return with retail brand products quicker than it is. Also, there is no need for making advertisement and preproduction expenses by producer. Thus, it is possible that small and middle scaled firms which produce retail brand products will grow easily.

## **VII. Conclusion**

General characteristics of retail brand products such as weight, size, taste, color and smell should conform to standards. So, meeting customer's expectations in this respect is so important. Presentation of highly liked retail brand products within fast moving consumer goods will affect this situation positively. Those products which receive appreciation will be reference point for other products sold at the same firm. For the producers; without making advertisement expenses, mass production will increase. Thus, it will be made important contributions to creating competitive environment and competitive market. Customers just will prefer quality produced and low priced retail brand products. In terms of retailers; firm which presents the product under guarantee of its' own brand will increase its profitability as long as work carefully. Firms will increase their sale rate without sacrificing products' quality, as well and this situation will affect employment in the country positively.

## **VIII. Discussion**

Marker or private brand owner retailer is a guarantor for the product. So following the progress of branded products in the market and carrying on research-development studies about potential new retail brand products will be helpful for retailer firms. Working of retailers with more than one producer for similar products will establish competition among producers and it will help to create opportunity to control for retailer automatically. Also, firms enhance their products in the direction of received customer demands and this situation helps to keeping products dynamic. Meeting customer expectations is possible with qualitative and low cost retail brand products.

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