

## Chapter 2

# Increasing the Brand Equity of Private Label Brands

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### ABSTRACT

*This paper was developed to investigate the different factors affecting the Brand Equity of Private Label Brands and Perceived Value in the Egyptian market. 578 random shoppers in 26 branches all over Egypt completed questionnaire about their perception of different factors affecting Brand Equity. Brand Associations, Perceived Value and Brand Loyalty are considered the most important factors that affect the Brand Equity of Private Label Brands; However, Perceived Quality, Brand Image and Brand Awareness are considered to be the least effective factors. Demographics were found to be insignificant. Marketers should focus on the top three effective factors, which are Brand Associations, Perceived Value and Brand Loyalty in order to increase the Brand Equity of the Private Label Brands. The results will offer direction to marketers and decision makers, especially that Private Label Brands are increasing dramatically.*

### INTRODUCTION

Nowadays, brands have become an essential asset for the firms, which are considered as the main reason behind the creation of stakeholder value. According to Farquhar (1989), brands were defined as a name, symbol, design or mark that enhances the value of a product beyond its actual purpose. The benefit of a brand is building trust, loyalty, perceived quality and brand awareness (Chen & Tseng, 2010).

Brand equity is considered as one of the key strategic assets that improve the company's performance in the long run (Sriram, Balachander & Kalwani, 2007). Therefore, it is important to focus on brand equity in order to create a strong long-term brand management and study the effective factors that influence it (Parsa, Eidelou, Abdolahi, Maleki & Mehrabi, 2013). Besides, it helps companies gain a competitive rank and achieve a suitable place in the mind of the consumers, which will urge consumers to be loyal, and help firms to create a sustainable profit (Aaker, 1991; Tong & Hawley, 2009).

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## ***Increasing the Brand Equity of Private Label Brands***

According to Aaker (1991), brand equity is significantly important to make points of differentiation that lead to competitive advantages based on non-price competition. (Yoo, Donthu & Lee, 2000). The sub-components of brand equity studied in this research were extracted from the literatures.

The last two decades have witnessed store brand penetration in supermarkets; therefore, it was very important to study consumer attitude towards purchase of store brands. Hasnas and Wey (2015) defined Private label products (also called store brands) as "...they encompass all merchandise sold under a retailer's brand..." It was also defined as "Brands owned, controlled, and sold exclusively by a retailer" (Ramakrishnan & Ravindran, 2012; Beneke & Carter, 2014). The importance of a store brand lies in the impact it makes on a store that helps it to compete against other competitive stores. Store brands can be used to attract customers to make marketing profits (Chen, Hess, Wilcox & Zhang, 1999; Bonfrer & Chintagunta, 2003).

Over the last few years, the growth of private label brands has been investigated and was proved to be increasing dramatically (Cuneo, Milberg, Benavente & Palacios-Fenech, 2014; Koschate- Fischer, Cramer & Hoyer, 2014). The reason behind the increased number of private label brands is the increased number of large corporate supermarket chains, which expanded their private label brand business compared to the national brand business. Besides, the two important characteristics of these brands which are the low price and the high quality (Kumaravel & Kandasamy, 2012; Ramakrishnan & Ravindran, 2012; Hasnas & Wey, 2015).

In answering the call of the study conducted by AC Nielsen on shopper trends 2014 in the Egyptian market. This study discovered that shoppers were found to seek private label brands mainly for their low value and affordable prices. However; retailers, which perceived as having the lowest prices have the least successful private label brands. This study proved that there is more than one factor that affects consumer behavior towards private label brands other than the price.

Based on the above-mentioned facts, the research will tackle the different factors affecting the brand equity of the private label brands in the Egyptian market.

## **Brands**

Brands are defined as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Aribarg, Arora, Henderson & Kim, 2014).

Researchers have explained Brands as unique names that belong to products of which consumers are highly aware of and have the willingness to pay higher prices to obtain them. Brands have many functions as they offer customers simplified choices and reduced risks. Besides, they create trust and provide certain quality level, and furthermore, provide companies with high market shares, successful expansion into new categories, competitive cost structures and high profitability" (Acker & Jacobson, 2003; Keller & Lehmann, 2006; Romero & Yague, 2015).

## **History of Brands**

The concept of sign as a trademark goes back to more than 400 years ago. The word brand is derived from a word in the German language. Mishra and Datta (2011) stated that "After walking to the indus-

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