

International marketing: Are store brands becoming a global phenomenon?

February 25 2015

Big name brands in the United States and Western Europe face a serious and growing threat from successful store brands. A new study in the *Journal of International Marketing* explains why store brands have taken some countries by storm while leaving other countries relatively untouched.

"It is essential for major brands to understand why [store brands](#) have become important players in some countries while in others they are slow to take off," write authors Andres Cuneo, Sandra J. Milberg, Jose Miguel Benavente, and Javier Palacios-Fenech of Universidad Adolfo Ibañez. "Sooner, rather than later, major brands in less-developed nations will likely experience enormous competitive pressure that will threaten their very existence."

The authors studied sales information from 46 countries throughout the Americas, Europe, and the Middle East, looking particularly at home-care, packaged food, tissue and hygiene, and pet care. Prior studies had shown that when consumers are willing to pay more for a big name brand, store brands must be offered at significantly lower prices in order to compete. The current study found that countries with modernized marketing systems containing supermarkets instead of mom-and-pop stores are in the best position to lower prices on store brands since only these large stores are able to buy a high enough volume of the store brand to make this move cost effective.

In addition, businesses in some nations have a hard time finding good

quality suppliers who are close enough to work with. Even when businesses can find suppliers, they can still suffer if delivery is inefficient due to poor transportation systems. Mexico is a good example of a nation whose strong tradition of small, privately owned shops, compounded by an underdeveloped distribution and logistical system, results in a very small percentage of store brands.

"It took 50 years for supermarkets to become widespread in the United States and Great Britain, but the nations that followed adopted them much more rapidly. While the pace will vary according to nation, store brands will inevitably become a global phenomenon," the authors conclude.

More information: Journal of International Marketing: March 2015, Vol. 23, No. 1, pp. 72-90. [DOI: 10.1509/jim.14.0036](https://doi.org/10.1509/jim.14.0036)

Provided by American Marketing Association

Citation: International marketing: Are store brands becoming a global phenomenon? (2015, February 25) retrieved 25 April 2024 from <https://phys.org/news/2015-02-international-brands-global-phenomenon.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--