

Private brand migros turk article review sample

[Business](#), [Marketing](#)



1. What is the role of private brands in a product portfolio dominated by national brands? Should a retailer like Migros attempt to change customer preferences in the direction of private brands, or simply stock what customers prefer to purchase?

Private brands in a product portfolio play several roles. Firstly, they help retailers to maximize profits, since private brands usually yield higher margins than national brands. Secondly, since they are offered only in specific stores, private brands help to differentiate product offering, to build customer loyalty and to attract more clients, thus increasing both the sales of private and national brands. The obvious benefits of using private brands serve as a strong rationale for retailers like Migros to attempt to change customer preferences. It is especially important in Turkey today, as the increasing pace of globalization will open the country for foreign retailers, which will be able to capture market share with their well-established private brands, leaving local competitors, such as Migros, behind.

2. Why are Migros private brand sales in food lines so much lower than in western food chains? Is this related to the Turkish preference for higher prestige national brand names on high involvement, visible products and reliance on private brands only for low-involvement products, or are there other explanations?

The preference of Turkish customers for higher prestige items is surely one of the main reasons for the limited success of Migros private brand.

However, this fact is related not only to the cultural differences between Turkish and Western consumers, but also to the underdevelopment of the market for private brands in Turkey. Traditionally, private labels have been

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perceived as low-quality, low-involvement items, which did not enjoy much of the advertising exposure compared to the national brands (Lincoln & Thomassen, 2008). That is why the general strategy of the retailers and the narrow perception of the notion of a private brand are responsible for the low private brands sales together with the cultural preferences of Turkish people for national brands.

3. In what other food lines can Migros private brand sales be expanded?

Should Migros private brand emphasis be in M (small) stores, in MM stores or in MMM (larger) stores?

Current private brand product lines offered by Migros reinforce the low-quality and low-involvement image of private brand items in Turkey. That is why Migros should focus on more “ visible” items, such as soft drinks, which would not be highly profitable in the beginning, however, they would increase brand exposure and brand awareness. Moreover, in order to attract loyal customers and to differentiate own product offering, Migros should develop food items, which do not merely possess generic product characteristics, but offer a superior customer value and innovative products (Perrey & Spillecke, 2011), for example a special kind of frozen food, which is not offered by competing national brands. Alternatively, Migros could develop and sell under own brand international products, such as a type of French cheese, which are not sold under national brands and have not yet generated high customer involvement and loyalty. Furthermore, Migros private brand should be distributed in all Migros stores (M (small) stores, MM stores or in MMM (larger) stores) in order to capture a larger market share, to increase brand exposure and to achieve consistency in the product offering.

4. Why are Migros private brand sales in apparel so low? Is the explanation the same as for private brand grocery sales? Should Migros emulate the Wal-Mart, Target or Mark & Spencer apparel models? Can it sell foreign-sourced private brands of celebrity clothing or cosmetics?

Private brand sales in apparel in Migros stores are affected by the same problem as the overall private brand product offering. Due to high-involvement of Turkish consumers with national brands and since apparel items are usually highly visible, it is hard for Migros to gain market share in the apparel business. In order to address this issue, Migros could follow a development model of one of the more successful western counterparts. Firstly, it makes very little sense to emulate Wal-Mart's strategy, since low-cost no-frills approach directly contradicts the image Migros is trying to communicate to its customers. Mark & Spencer's "good quality at an unbeatable price" is closely related to Migros "premium-lite store brand" model (Kumar & Steenkamp, 2007), however due to the fact that Mark & Spencer is already present in Turkey, it would be hard for Migros to compete with the already established British rival. Therefore, the apparel model of Target may become most successful in Migros stores. In this case, Migros can use both national celebrities and foreign-sourced private brands of celebrity clothing or cosmetics in order to increase customer involvement with the brand, brand awareness and to change the perception of private brands from low-quality items to high-end and unique products. However, if Migros chooses to offer both own brand and foreign-sourced private brands, it is important to pay attention to product selection, in order to avoid internal competition and not to cannibalize Migros brand, which yields highest

margins for the retail chain.

5. Given the many advantages of private brands, notably higher margins and greater store loyalty for consumers, what are the main points of a five year marketing plan for Migros to raise its private brand sales closer to western levels?

The first step is to change customer perception of own brands and to communicate superior customer value, Migros should re-evaluate its policy of not advertising the brand. Media exposure and the ability to dedicate premium shelf space to own brands could help Migros to shape customer perception and to increase involvement. Therefore, the retailer should start by investing in promotion of the brand and by increasing its visibility.

Simultaneously, the company should start developing items unique to Migros, in order to introduce them in years 2 and 3 together with the new promotion campaigns. The development of Migros apparel requires extensive planning and could be launched more successfully after the company manages to communicate the superior value of Migros brand and to gain customer loyalty. Therefore, in year 4 the chain can introduce foreign-sourced private brands in order to start building the image of Migros as a place to buy apparel and cosmetics, while in year 5 and further it can start selling apparel items under the Migros brand. However, as the progress in each area, as well as the reaction of the national and international competitors to the Migros and the change in the external environment are hard to predict, therefore the marketing plan should be reviewed and updated continuously.

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