

**(NOT) USING PRIVATE LABELS – THE DILEMMA
OF INDEPENDENT AFTERMARKET COMPANIES
IN POLAND**

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INTRODUCTION

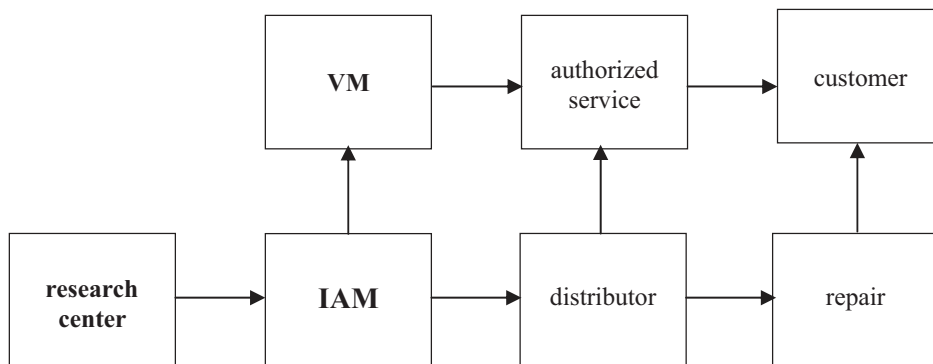
The marketing conception of sales is based on the paradigm of a customer who, through their buying decisions, participates actively in creating the volume of goods on the market. Retailers' private label products have ultimately been well-received by consumers, despite their initial mistrust. A new reseller's era began, treated exclusively as a link in the goods supply chain before. New resellers now play an essential role according to the rules equal to NB manufacturers. The role of consumers has also transformed. Thanks to the introduction of more affordable generic products onto the market, meeting the *ceteris paribus* conditions, customers now have more choices [Lovelock 1999, Baruk et al. 2012, Hys 2014a, b, Hys 2015]. Having obtained the right of choice, customers gained greater independence from producer brands [Chétochine 1992]. Retailers diversified their offerings. Apart from producer brands, they offer their own products, which provide them with a competitive advantage over manufacturers [Pettijohn et al. 1990, Grewal et al. 1998, Grönroos 1999]. That is why it is essential for the decision-makers in retail to develop a proper strategy which will install favourable conditions for selling private labels and producer brands.

The issue of private labels in IAM circles in Poland is familiar, nevertheless the knowledge on the subject is insufficient. Moreover, there is a perceptible lack of good practice, implementation methodology and profitability calculations, which could provide arguments "for" or "against" using private labels in one's business. PL goods are the domain of trade networks. No comprehensive studies on PLs for other businesses have been done. Decision-makers make intuitive decisions to use or forgo private labels.

The automotive market features two mutually dependent, yet simultaneously different segments: the independent aftermarket (IAM) and vehicle manufacturers (VM). The IAM market includes spare parts manufacturers, their distributors, and autonomous garages.

Although the traditionally shaped leadership position in the automotive business is taken by automotive concerns, the role of the independent aftermarket concerning spare parts production and distribution cannot be overestimated. Automotive concerns' outsourcing of spare parts production and distribution has shaped the unique reality of this market. Poland has had long-standing traditions in the automotive industry. With regard to the production of automotive components and spare parts, Poland is defined by many world brands as the European centre [Poland 2011].

In Poland, the share in parts production and distribution is subject to the Pareto principle: 80% belong to the independent aftermarket, while the automotive concerns contribute the remainder (Fig. 1). Parts are supplied both to distributors and for the needs of automotive concerns.



IAM – Independent Aftermarket

VM – Vehicle Manufacturing

FIG. 1. The process of automotive parts production regarding distribution chains

Source: The automotive industry in Poland. The report 2012. Manufacture, sale and service. SDCM 2012, p. 15.

The figures do not leave any doubt that the independent aftermarket plays the leading role in parts production and trade. The value of spare parts produced in Poland and exported amounted to over 53.8 billion PLN. The exports was added up to 27.5 billion PLN. 229 thousand people are employed in the independent aftermarket [SDCM 2013].

The remaining parts of this article are structured as follows. The next section reviews the literature on the subject and provides an overview of the results of pilot interactive research conducted among managers of the Polish IAM. The section that follows that describes the research methodology and the assumptions. The next part develops the conceptual framework based on the issue of private labels and their components. As the result the research questions will make an implication. The article concludes with a look at the directions of future research.

STATUS OF THE RESEARCH

The category of private label includes all goods which are intended for sale under a retailer's brand. This brand can be owned by a particular retailer or a group which the reseller is a member of.

The increase in sales and in the share of private labels on the market has been one of the most spectacular and significant phenomena regarding the theory and practice of distribution management [Veloutsou et al. 2004, PLMA 2014a] and one of the most important strategies developed by retailers over the last 30 years [Bergçs-Sennou 2006]. The development dynamics indicate that this trend is significant for the economy, whose value, invariably, increases. The observation of the market, on the other hand, indicates that the temporal development is accompanied by a spatial one [Hys 2015].

Numerous studies have taken up the issue of private labels in various contexts, while numerous researchers have shown that the appearance of private labels has implications in the supply chain and its influence on the prices of goods [Narasimhan and Wilcox 1998, Ailawadi and Keller 2004, Scott-Morton and Zettelmeyer 2004]. Changes in the market structure have also been observed. The key role has begun to be played by the retailer who, as the owner of the brand, manages it. The retailer decides the supply and structure, creates trends, and acquires customer loyalty – whose consequence can be taking control of a particular market or sector. This means that using private labels is examined in the context of market success factors [Dhar and Hock 1997, Batra and Sinha 2000, Corstjens and Lal 2000]. Thus, the role of manufacturers undergoes reassessment while retailers strengthen their bargaining position over what they had with previous suppliers.

Finally – creating private labels leads to intense competition between manufacturers and retailers, who try to acquire their own customers [Quelch and Harding 1996]. By delivering goods which meet customers' expectations, they also acquire their trust – and loyalty, which decides the value of their profits [Steiner 1985]. The literature on the subject takes up the issue of private labels in terms of:

- customer perception and loyalty [Fitzell 1992, Steenkamp and Dekimpe 1997, DelVecchio 2001, Semeijn et al. 2004, Ngobo 2011];
- perceived value [Cudmore 2000, Kumar and Steenkamp 2007];
- the relation between price awareness and customers' income [Gabor and Granger 1979];
- customers' buying behavior and product positioning [Baltas et al. 1997a, Kalyanam and Putler 1997, Sayman et al. 2002, Soberman and Parker 2004];
- price competition between private and national labels [Ashley 1998, Sethuraman et al. 1999, Salma and Guiomar 2009, Choi and Fredj 2013];
- advertising strategy for national labels in comparison with private labels [Putsis 1997, Choi and Coughlan 2006, Amrouche and Zaccour 2007, Manzur et al. 2011];
- the effectiveness of competition [Putsis and Dhar 1998];
- company risk connected with introducing and adding new product categories to their private labels [Semeijn et al. 2004], or profitability [Keller 1993, Ailawadi 2001].

Keller estimates the value of the obtained profit margin to be between 25 and 50%. The margin level results most of all from effective marketing activity, and the reduction of intermediaries in the supply chain, which, in consequence, results in customers perceiving goods. They obtain quality goods at a competitive price, and reward companies with their loyalty.

The examples presented above draw attention to the fact that researchers' interests concerning the PLs are considerably focused on consumers. Questions regarding the creation of attitudes and customer relations are taken up – the proper ones from the point of view of resellers achieving profits [Nandan and Dickinson 1994, Dunne and Narasimhan 1999]. Comprehensive marketing activities were adopted and transferred from the space typical for manufacturers onto the ground of retailers. Since that time, retailers have expressed their engagement in the active marketing of goods sold as PLs. They find the position of a passive distributor of producer brands insufficient [Richardson et al. 1994].

Given the above, many companies, when making their benchmarking process of the PL strategies in trade networks, consider whether to introduce private labels in their business or not. The IAM is underestimated on the market. Despite its quantitative advantage in supplying automotive parts onto the market (80%), it is still perceived in the industry as an undersupplier, not a partner for automotive manufacturers. The following sections analyse the opportunities and challenges of the IAM in creating private labels. The basis of the analysis consists of the literary research and interactive research of the IAM sector in Poland, thanks to which the PL model has been identified.

METHODOLOGICAL ASSUMPTIONS OF THE SURVEY

When discussing private labels, it is first necessary to break down their constituent categories. They include: National or Manufacturer Brand, Private Label (Brand), Distributor brand, House or Store brand and Generic Brand. The primary notion of brand is defined as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”¹. The evolution of brand has seen it develop in numerous contexts. Their diversity makes it difficult to get to the essence of the particular kinds. Therefore, a definition of each of them is here provided.

An article that is the property of a particular manufacturer, and is sold on the national market, as opposed to only a local or regional market, is defined as a national or manufacturer brand (NB). Private label (private brand), on the other hand, has a more complex construction. It is regarded in two standard situations. Firstly, when it is understood as “a brand that is owned by the product's reseller rather than by its manufacturer (in rare instances, the reseller may be the manufacturer as well)”. Secondly, PL means “a brand name or label name attached to or used in the marketing of a product other than by the product manufacturers, usually by a retailer”. A distributor brand is one which is the property of the reseller–distributor, i.e. a retailer or wholesaler. These brand goods are controlled by the distributor. This term concerns exclusively the brand itself, not the goods.

¹ American Marketing Association dictionary, available at: <https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=P> and [dLetter=P](https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=P) [accessed: 4.06.2014].

It is often called a private brand or private label. There are also the notions of house and store brands. The former relates to private brands joint with the retailers. The latter is a private brand which belongs to the reseller. Generic brand products, the final category, are often thought to be unbranded, but their producer or reseller name is usually associated with the product, too. This indicates, apart from the type of product it is, the individual product name.

According to the Private Label Manufacturers Association – PLMA [2014a], manufacturers of store brand products fall into four general classifications:

- large national brand manufacturers that utilise their expertise and excess plant capacity to supply store brands;
- small, quality manufacturers that specialise in particular product lines and concentrate on producing store brands almost exclusively. Often these companies are owned by corporations that also produce national brands;
- major retailers and wholesalers that own their own manufacturing facilities and provide store brand products for themselves;
- regional brand manufacturers that produce private label products for specific markets.

In Poland, in the case of manufacturers and distributors of IAM automotive parts, all four types of the general classification are present. Significantly, these distributors supply parts, first and foremost, of the national or manufacturer brand, distributor's brand, house or store brand and generic brand. The IAM market has only begun to operate in the private labels market.

The PLMA has been doing trend analysis in the United States since 1980, in Europe since 1986, and in Asia since 1994. One thing their analysis shows is that private labels are becoming more popular with Europe's customers (Fig. 2).

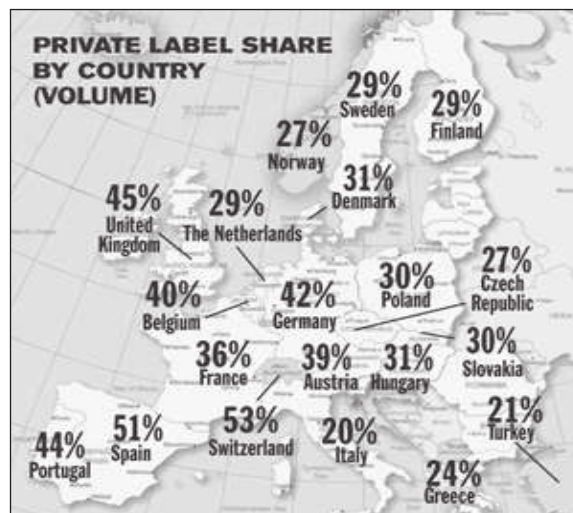


FIG. 2. The percentage of PL customers in Europe

Source: PLMA [2014b].

The PLMA analysis shows that the private label plays a fundamental role in the lives of customers across Europe, and the market share will continue to expand [PLMA 2014b]. Forty-six percent (46%) purchase them “frequently”. In the following year, every fourth person believes that they will buy a larger amount of private brands than currently. Even when the economy gets better, consumers say that they will stick with private labels: eight in ten said that after the economy has improved, they will not stop purchasing private brands. The facts included in the figures, concerning the evolution of the PL sector, show invariably increasing tendencies. Private label’s international success means that IAM decision-makers are considering entering the market, as the trends suggest there is a chance for them to develop their products.

RESEARCH METHOD

The crux of this article is to present a PL model, taking into consideration the conditions and the environment of the IAM business in Poland. The article presents the results of interactive pilot research conducted among 80% of the IAM management in Poland as well as the results of the literature analysis (of the biggest distribution companies).

The real-time research was conducted on 28 November 2013, during the 8th conference organised by Stowarzyszenie Dystrybutorów i Producentów Części Motoryzacyjnych (The Association of Automotive Parts Distributors and Producers) in Warsaw. The interactive research embraced over 200 representatives of manufacturers and distributors of automotive parts. This event was held under the patronage of the Ministry of Transport, Construction and Marine Economy, the Ministry of Economy and the Polish Agency of Information and Foreign Investment.

The hosts prepared a package of questions, which the participants answered in real time by means of an integrated voting system and tests. All participants were divided according to the business they represented, i.e. the group of manufacturers and the one of distributors of automotive parts on the Polish market.

CONCEPTUAL FRAMEWORK

Figure 1 presents the conceptual framework of the automotive parts production and distribution process in Poland. Seven units, making up the subject of the production and distribution process, were identified. The flow of parts between them is systematised. In the analysed case, special emphasis is placed on manufacturers and distributors of automotive parts who create the independent automotive market.

During the interactive research, the first question, which all the respondents answered together, concerned their associations with the notion of “private labels” (Table 1).

The differences in how the manufacturers and distributors regarded the PLs are of great significance. From the distributors’ point of view, the most essential PL issue is the opportunity to obtain a high profit margin. Note that the respondents at the same time expect an increase in sales volume, which is determined by the products’ low price. Also, they are worried that PL product quality may be lower than that offered by both automotive concerns and brand part producers.

TABLE 1. Private labels perception

Specification	Low price	High profit margin	Low quality	Problems with product availability	Fall in turnover	Growth in sales
	% answers					
Distributors	22.2	38.9	16.7	0	0	22.2
Producers	53.3	23.3	16.7	0	6.7	0

Source: the authors.

Another point of view is expressed by managers representing the group of manufacturers of automotive parts which are sold on the VM market and for the independent distributors. They associate PL products first and foremost with low price, which is not compensated by growth in sales. Producers perceive the advantages of the profit margin level being shaped, however, in their assessment they are more careful than distributors. Note that exactly the same percentage of the manufacturers voting associate private labels with low product quality. This is rather surprising given that the improving PL sector share worldwide [PLAM 2014b] shows that the customers of trade networks evaluate PL product quality on a par with producer brand products.

While it may be true that in the first years in which PLs were created, there were discrepancies in the quality of goods, this problem does not exist today. By creating their private labels, chain stores made the benchmark and analysed consumer needs. As a result, they developed strategies which take into consideration all the aspects of delivering goods on a competitive level. Perhaps manufacturers and distributors, expressing their anxiety concerning quality level, showed caution. Whether the anxiety expressed will be justified in reality or not depends on them exclusively. The problem, however, is not new in the literature on the subject, as many researchers used to take up the issues of potential disproportions in PL goods quality [Bellizzi et al. 1981, Hoch and Banerji 1993, Cudmore 2000].

Another question which only the distributors were asked was: What is the most important reason that distributors introduce private labels? (Table 2).

Distributors, conducting activities aimed foremost at profitability [Steiner 1985, Keller 1993, Ailawadi 2001, Ailawadi and Harlam 2002], indicated that the most essential issue is the level of profit margin obtained. Introducing the PL is, thus, a chance for the distributors to achieve more effective financial results. Moreover, distributors note the right for exclusive PL distribution as well as the possibility to create the brand independently. It can therefore be observed that distributors consider the issue of private labels in the context of market success factors, which is not as much a novelty, but rather the consequence of a rational approach to company management [Dhar and Hock 1997, Batra

TABLE 2. The reasons for introduction by manufacturers introduce PLs

Specification	Exclusive rights for distribution	Higher profit margin than on other products	Possibility of creating the brand independently	Most of the major distributors have PLs	Customer expectations	Eliminating packaging company from the supply chain
	% answers					
Distributors	33.3	38.9	22.2	5.6	0	0

Source: the authors.

and Sinha 2000, Corstjens and Lal 2000]. It is nevertheless surprising that distributors do not treat PLs as the basis for eliminating intermediaries (packaging companies) in the supply chain. This may be due to the fact that the vast majority of distributors possess packaging departments themselves, which leads them to not regard the packaging companies as a business threat. It is interesting, though, that customer participation is not among the factors that bring about the appearance of PLs. The reality of the B2B market is different from that of the B2C one. On the IAM market a different company usually plays the role of the customer: repair or authorised services. There is no direct communication between the final purchaser and distributor. The customer can negotiate at the repair or authorised service, in any case, the price will be paid by an individual customer.

Manufacturers also responded to the question: What consequences does the distributors' launching of private labels carry? Table 3 breaks down how they responded.

TABLE 3. Consequences of distributors' launching of PLs for manufacturers

Specification	Fall in sales of the established products	Need to reduce prices of the established products	Increased expenditure on promoting established brand	Organised courses pay off for PLs, too	Growth in sales
	% answers				
Manufacturers	48.3	27.6	6.9	6.9	10.3

Source: own study.

Manufacturers approach the issue of private labels with greater anxiety. They observe a threat coming from a fall in sales of established products, which prompts them to lower their own prices. This is a new situation for manufacturers, where the lack of experience arouses a lot of fear, especially concerning PL product competition, and particularly new advertising costs which would compensate for the fall in sales. Another crucial issue the manufacturers raised is the fact that the recipients of dedicated training can apply their new knowledge in the field of private labels, though it is designed to be used with the established brands. PL suppliers achieve extra benefits in this way, even if they do not bear any additional costs.

In the light of the above results, the following theses for the PL model in the IAM conditions may be put forward:

1. Private labels are a chance for IAM companies to obtain greater cost-effectiveness and a guarantee that they will not be limited in parts distribution.
2. Private labels make up a special value for customers, which determines the company's brand value.
3. Private labels can be studied in many dimensions.

THEORETICAL DEVELOPMENT: MODELS AND QUESTIONS

The theoretical models presented in Figures 3, 4 and 5 were developed in accordance with the defined conceptual assumptions for the PL model in the IAM conditions. These models also grew out of the literature review and interactive research done among managers representing IAM in Poland.

So far, manufacturers of automotive parts have been, in a way, invisible to VM manufacturers. They are treated merely as the undersuppliers of parts, with a weaker bargaining position, not as partners participating in creating a ready-made vehicle. History bears this out: manufacturers or distributors are treated exclusively in the category of primary manufactures or intermediaries in the spare parts trade (Fig. 3). History also shows that producers are treated merely as primary producers.

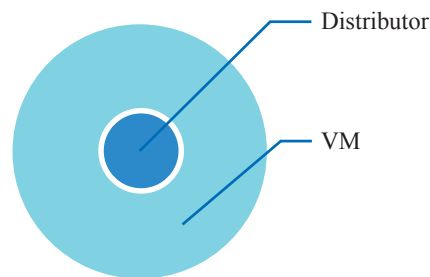


FIG. 3. The direction of the IAMs production and distribution of automotive parts
Source: the authors.

Another aspect we analysed is the PL value for customers and companies (Fig. 4). In the case of the IAM, the independent repair and authorised service are done by the customers. An essential issue for them is the elements that create the following associative sequence: satisfaction – trust – loyalty.

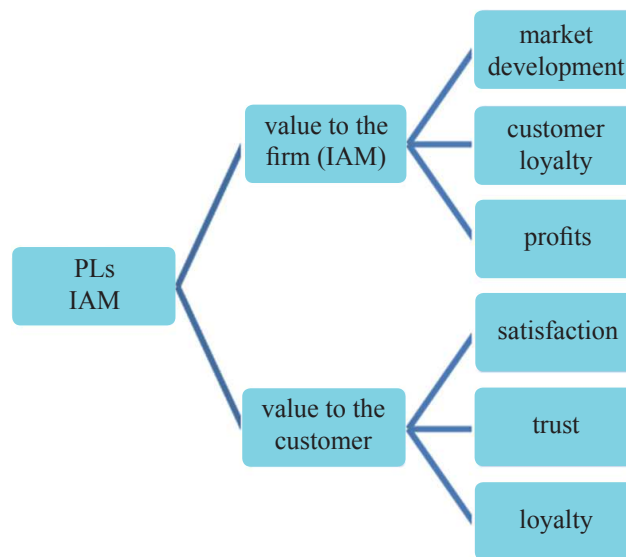


FIG. 4. Private labels in the context of value for customers and the IAM companies
Source: the authors.

In this context, it is important to look at the internal structure of the private label. Because PLs can be studied in many dimensions, their composition should be defined, which we have done in Figure 5. Based on the analysis of the results of interactive research and the literature on the subject, the following PL components may be defined:

- promotion attitude [Burton et al. 1998, Garretson et al. 2002, Goldsmith 2010];
- identity [Batra and Sinha 2000, Baltas 1997b];
- loyalty [Jacoby and Kyner 1973, Richardson et al. 1996, Corstjens and Lal 2000, Ailawadi et al. 2001, Ailawadi and Harlam 2004, Arce-Urriza and Cebollada 2012];
- price [Burger and Schott 1972, Gabor and Granger 1979, Lichtenstein et al. 1993];
- risk [Roselius 1971, Jacoby and Kaplan 1972, Dunn et al. 1986, Narasimhan and Wilcox 1998];
- quality depends on the technology used [Bellizzi et al. 1981, Hoch and Banerji 1993, Omar 1994, Sethuraman and Cole 1999, Corstjens and Lal 2000];
- value [François and MacLachlan 1995, Broyles et al. 2009].

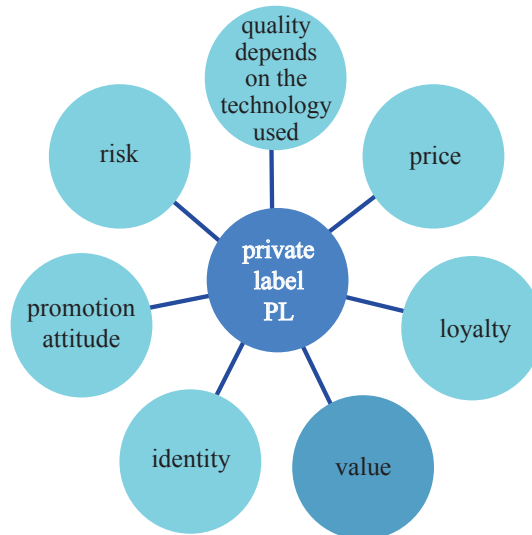


FIG. 5. Private label components for the independent automotive market

Source: the authors.

All of these component factors enjoy increased interest among the IAM representatives as they search for arguments in the fight for competitive position on the market.

Analysis of the models (Figs 3, 4, 5) allows the following questions to be raised:

1. What are the challenges and chances of introducing the private label by the IAM companies comprehensively?
2. Will the IAM products under the private label deliver value for the company and the customer?
3. What makes the PL construction?

Arguments were gathered for the questions raised, the following is a discussion of the subject and a definition of the PL model for the IAM.

PRIVATE LABEL THREATS AND OPPORTUNITIES

For the manufacturers and distributors of the IAM automotive parts, there are many threats connected with launching new products under the private label. In the case of the PLs, retailers employ the umbrella brand strategy. That is, they use the brand which embraces various categories of a distinct product, in order to avoid the cannibalisation effect. The basic threat for the IAM companies is the negative experiences customers have when purchasing PL goods. Negative experiences with one product of a given brand can result in a reluctance to buy other products of this brand, or, worse, it can lead to unsettling customers' trust in all products of a particular brand [Thompson 1999]. The decision to launch goods under a private label should be preceded by an in-depth analysis. This can be done through the study of consumer opinions [Dick et al. 1996, Sethuraman and Cole 1999] and the assessment of whether and what factors influence the effectiveness of activities connected with launching goods under the private label [Richardson et al. 1994, Batra and Sinha 2000].

The following are fears companies introducing PLs may have:

- cannibalisation of private labels (e.g. Coca-Cola, Cadbury, Colgate and Kelloggs have all written in their strategies: “We do not produce private labels!”);
- whether they will have the ability to meet customers' requirements on quality, logistics, techniques and technology, and finance (audit of a production plant);
- improper analysis of customers' preferences and the positioning of the PL products.

In response to these fears, the arguments supporting the comprehensive launch of private labels by the IAM manufacturers and distributors should be analysed. According to the literature [Keller 1993, Dhar and Hoch 1997, Corstjens and Lal 2000], they include:

- seller's increased bargaining power on the market;
- achieving the position of an equal market partner;
- diversification of activities;
- becoming independent from the VM;
- high gross profit margins: 25–50% higher than the established brands [Keller 1993, Corstjens and Lal 2000];
- differences in prices between the PLs and brand products (NBs) are more beneficial for the former;
- achieving better sales results;
- technical, technological and organisational development;
- initiating solutions;
- a limited number of national manufacturers operating within the private label category;
- exclusive rights for distribution;
- low advertising outlays;
- reating brand perception;
- quality of goods comparable with the NBs;
- low variability in PL quality.

So far, manufacturers and distributors of automotive parts have been, in a way, invisible to the VM manufacturers (Fig. 6). They are treated merely as the undersuppliers of parts, and have weaker bargaining power. From the VM manufacturers' point of view, there are also substantial reasons for the existing situation. Although the IAM delivers

80% of the parts onto the VM market, it happens on the basis of huge fragmentation, usually under the auspices of the VM brand.

From the IAM point of view, this situation is not comfortable. IAM companies deliver goods which meet the required standards, which is why they expect their market position to strengthen. Therefore, the IAM decision-makers see their chance for success in their own company's development. On account of this, a change was suggested by the authors concerning the standards of the production and distribution of automotive parts realized by the IAM (Fig. 6).

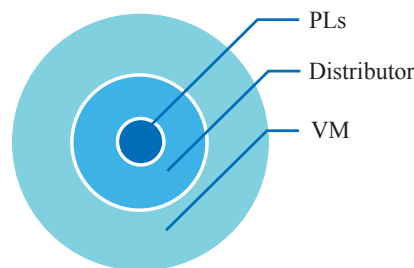


FIG. 6. The suggested model of production and distribution of automotive parts realized by the IAM

Source: the authors.

The authors suggested that a transformation of the definition of the market should be changed, it takes into account the appearance of the PLs onto the global scale. Private labels can become a chance for IAM companies to achieve a stronger position on the market.

VALUE FOR THE COMPANY AND THE CUSTOMER

IAM customers expect PL products to be of a high standard that will meet their expectations on quality, price, risk and brand identification (recognition). This makes them feel satisfied and secure, strengthens their trust and, in consequence, to break barriers – to create a stable framework for cooperation. In turn, from the point of view of the IAM representatives, it is essential to further develop the market and customer loyalty. If the PLs are seen by customers to represent value, the result for the company will be brand value in the form of profits (Fig. 7).

The focus on establishing value for customers and the company must be preceded by planning as well as activities on organisation, motivation and controlling on the strategy level. Strategy, included in the company's policy, can be used as an element of communication with the market. Only the holistic approach of the private label, which makes the integration link between the strategy and the components of value for the customer and the company, makes it possible to apply the PL attributes. A consciously planned strategy aimed at the creation of customer value should be preceded by an analysis of market needs and expectations. Similarly, in the case of company value components, the internal

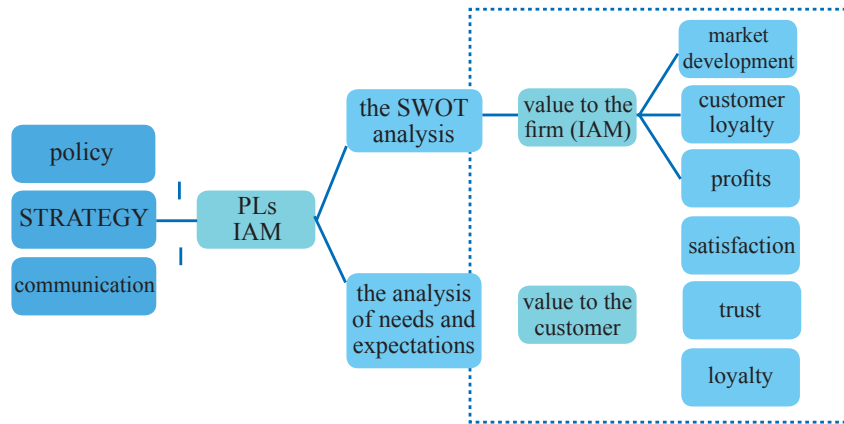


FIG. 7. Private label model in the context of values for the IAM customers and companies – holistic approach
Source: the authors.

and external potential of the organisation should be analysed. The analyses will allow for the optimisation of processes and the achieved effects.

THE STRUCTURE OF THE PRIVATE LABEL

Using the analogy of the model of product structure [Levitt 1980, Kotler 2000], the authors of the article suggested the structure of the PL (Fig. 8). Decision-makers must realise that, like the product, the private label has a layered structure. The basis, or product core, is made by the leading benefit for the purchaser and the reseller. The next layer is made by the actual product, defined as a set of elements that a particular product is perceived through. The augmented product is created by the set of added values.

In both cases, the leading value is created by functional features which make a given product be bought and sold. In the case of the PL, the augmented product in the customer's view is created through the lens of usability value, quality, brand, trademark, packaging and price. The augmented layer is made by all the elements which stimulate

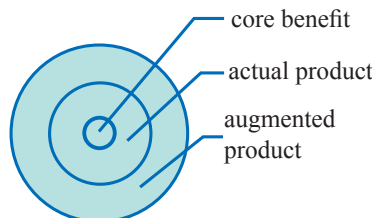


FIG. 8. Private label's product internal structure
Source: the authors.

customers to choose products of a specific brand. They include: proper information about the PL product, sales and after-sales services, manner of delivery, length of warranty, way of payment, quality of contacts with a potential purchaser, CRM systems.

For the reseller, on the other hand, the elements of the augmented value are made up of: identity, loyalty, price-costs, risk, quality depending on the technology used, and the PL's estimated value². The augmented layer is created by a set of sensory incentives, which are used by the decision-makers in order to strengthen the PL products' potential. They include, among others: promotion attitude, flexible systems of payment, discount strategies for price and extra-price elements (warranty and CRM, to name two). The elements which make the augmented layer of the PL product, if properly composed, can provide the company long-term benefits and competitive advantage in the market.

CONCLUSIONS

The research done by Raju et al. [1995] and Scott-Morton and Zettelmeyer [2000] showed that private labels are more likely to be launched if there is a large number of brands on the market. Diversification causes the market to become fragmented, and customers find the identification of particular goods difficult. From this point of view, it is profitable to launch goods or a group of goods under a homogenous brand, which, when promoted properly by marketing specialists, is recognised by customers. Customers identify with a given product, they gain trust for the brand and become loyal purchasers. Simultaneously, distributors manage the price policy, which, after eliminating the links of indirect distribution, is much more attractive than in the case of the established brands and NB goods.

In connection with the above, one should consider the argument of the consolidation of the IAM companies' position on the market. This is not an easy task, as the research results show that some PLs happen to be very effective, nevertheless, there are cases where PL strategy is ineffective [Hoch and Banerji 1993, Dhar and Hoch 1997, Batra and Sinha 2000]. This is likely attributable to the decision-planning processes concerning the launch of the PL and the realisation of the preparatory, executive and monitoring activities.

When discussing the dilemma IAM companies in Poland face when deciding whether or not to use private labels, one should pay attention to the arguments for doing so. They are, above all: independence from brand producers, and in the case of suppliers (manufacturers) for the VM it is independence from the VM, optimisation of costs, the use of spare capacities, optimisation of the relation between the price and quality and the optimisation of marketing costs, especially the support of sales. It is possible to achieve these effects through the realisation of a well thought out PL strategy, supported by effective communication with the environment.

The diversified brand portfolio can become a valuable source of positioning and competitive advantage on the IAM market. The deepening concentration processes in trade and the stronger market competence support the increase of the PL's share of the sales. Meeting customers' expectations requires unprecedented changes, realised by means

² Interbrand – best global brands website [accessed: 21.03.2014].

of new models of creativity, cooperation and leadership. These models usher in a new reality. The notion of private labels has unblocked a wider potential in organisations. A change in the perception of what is possible has taken place.

The proposed PL model presents the elements which constitute the framework for an effective strategy for using private labels by IAM companies. We have called for a model which would take into consideration new factors accompanying the process of creating the PL strategy. At the same time, we have confirmed the legitimacy of the defined components revealed by other authors in their research. Note, however, that this model exists only in a form which has not been verified in practice by the industry. Nonetheless, it could form the basis for further scientific discussion in this area.

Moreover, our analysis has proved the existence of a number of areas which require additional analyses. They include: the development of marketing strategies for launching and developing private label goods, the estimation of PL value, and monitoring the effectiveness of implementing PLs on the Polish IAM market. In this way, further directions of research will be conducted in the future works.

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Summary. In the present study, we discuss the role of private label (PL) in the context of the development of the independent automotive market (IAM) in Poland. We also seek to define a structural model for PLs, with regard to the IAM market in Poland. The article presents the results of the analysis of the literature on the subject as well as of interactive pilot research conducted among 80% of the IAM market in Poland. The research was conducted on 28 November 2013, during the 8th conference organised by the Association of Automotive Parts Distributors and Producers in Warsaw. In Poland, private labels are used most of all by trading companies. Independent aftermarket companies represent the sector of production and distribution. This difference is the result of decisions concerning the implementation of private labels in the automotive industry. Although the notion of private labels is known in the automotive industry there are barriers to introducing them nationally. The article presents the challenges and limitations of developing PL among Polish IAM entrepreneurs and proposes a PL strategy model. The overview and research results will allow IAM decision-makers to analyse the possibilities and threats that implementing private labels into their structures carries. As far as we know, the analysis and research presented here are among the first empirical explorations aimed at filling the IAM knowledge gap. Moreover, there is no comparative international research in this field, suggesting the need for further in-depth research. The analysis and research material makes the paper an original contribution to the development in this field.

Key words: Independent Automotive Aftermarket (IAM), SDCM in Poland, private label (PL), national brand (NB) – called in the automotive business “established brands”, possibilities and barriers of development

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