"HISTORY AND EVOLUTION OF PRIVATE LABEL BRANDS"

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Abstract

"The history of private labels has been closely linked with evolution of retailing. Private labels have contributed immensely to retail industry by creating lasting impact through innovation which has become established practice. Many established brands have started as private labels. Private labels have been misrepresented as something which is cheap in quality. Early pioneers have set high quality standards for private labels which were diluted overtime. Over a period of time, private labels have made visible improvements in quality and packaging overtime. In recent times, retailers are looking at private labels to differentiate themselves among consumers and private label popularity among consumers is on the rise. This paper discusses private label evolution, developments in retail, early private labels, pricing, quality standards and competitive element. In addition, this paper identifies underlying factors responsible for image of private labels and highlights boundaries between private labels and national brands."

Key Words: *Private Label, National Brand, Organized Retailing, Consumer, Retailer*

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Private Label Brands-Introduction

A private label (also known as store or house or retailer brands) is the one which is developed, stocked, carried and sold by retailer. Private label contain names given by retailers and are less expensive to consumers and better controlled by retailers.

"For many shoppers, store brands have come to represent better selection, value and savings. Simply put, they are products that stores put their own names or brands on. They may also be called private label, private brands, house brands, own brands, own label or retailer brands, but they all have one thing in common, they are manufactured and brought to market in much the same way as the familiar national brands sitting next to them on store shelves. Years ago, they might have been called generics, but that name isn't accurate anymore. Today, they are brands like any other (Private Label Manufacturers Association, New York, 2014)."

In 21st century, business firms world over are focusing all about creating wealth for their shareholders. In an endeavor to create more wealth, they are looking for new ways and means to enhance wealth. Time is witness to the rise and fall of various means which business firms devised and developed to meet this overriding objective. Initially, marketers depended on what lied inside the business systems, they used superiority of manufacturing or scale or sales. However, in the recent emergent business environment superiority in manufacturing does not guarantee success. There is parity in products, resources, systems and processes which are eroding efficacy of old approaches of wealth creation. True brands stand for the forceful values and make them proprietary to their names. Brands pack unique values which customers in the target group want. Brands are etched in the consumer's mind and they signify what they stand for and what they do not stand for (Verma 2004).

Private label brands now have the power to become destination brands in their own right. In the early days, many consumers believed that private label goods were the same as branded goods in less fancy packaging. After an initial trend of looking cheap, private label brands tried to copy the designs of their branded competitors as closely as possible in an effort to gain some of the brands' aesthetic features. Packaging for private label products has advanced by quantum leaps since those early days of emulating army rations and copying brands as closely as possible. Today private label packaging frequently sets the standard and tone for high end design and consumer expectations for product delivery. British and Swiss private label brands, for example, have capitalized on the opportunity to create white space on shelf and distance themselves from the perception that private label goods are inferior to the brands they once tried to emulate. Better yet, some private label brands have become destination brands in their own right. No longer need consumers feel shame in the checkout line when placing private label products on the conveyor. (Inter Brand 2008)

Evolution of Retailing

The history of retailing has been of constant evolution ever since the Cave man and Neolithic periods to present times. Every social and commercial development, discovery and invention, incremental and revolutionary, historical and contemporary has contributed to this evolutionary process.

In the prehistoric cave man period, the civilizations evolved as hunter and gatherer societies; which developed from the hunting and gathering of simple "needs" to more complicated "wants". This anthropological model has been carried down through the ages and remains the template for men and women shopping. In the Neolithic period, the innovations and formalization of agriculture provided the basis for the second evolutionary giant step for humanity. Once hunter and gatherer societies settled as agriculturists by developing agriculture tools and domesticating animals; then these resources were employed to produce surpluses for sale or exchange. These factors led to the development of trading centers from which a merchant class emerged. These rudimentary processes were the early demonstration of sophisticated processes as product specialization, supply chain and globalization.

In the early trading period, trade characterized by the production and distribution of agricultural produce. Initially, most of the trade was conducted by the barter system, but as a greater diversity of goods became available and another method for valuation was required. The introduction of money formed the basis the foundation for this retail revolution. Money in the form of coins, beads and shells provided the required liquidity fuelling trade and the subsequent shopping experience. The period between 18th and 19th century was featured by mass production, during which the inventions, innovations and entrepreneurship of the Industrial Revolution had big impact on the social and retail landscape. The Industrialization process brought into existence inexpensive, mass-produced commodities and products, previously unavailable to a majority of people. The distribution of these new products required a new retail approach, which brought stores into existence. As the new specialized, better organized retail formats emerged, steadily replacing the informal market trader, new shopkeepers employed shop fronts with their proprietor's name above the door leading to the genesis of branding.

Modern retailing was developed during twentieth century. In a big sweep of social and retail history, the modern shopping commenced with the appearance of the department store in the middle of the 19th century and for the first time, thousands of goods could be gathered together and shopped for at one location. Later, some elements of entertainment and hospitality were ingrained into the format so that shopping as a leisure activity became a part of the shopping experience. Since then one format has followed another format i.e. from department store to supermarket to shopping centre and hypermarket. And now, online and digital shopping enabled by the internet is transforming the retail landscape and role of consumers. (Roth 2013)

Retailers employed brand building early in the industry's development as they sought to establish an identity for their stores. The concept of the retailer as a brand gained further in the early 20th century when chain stores began expanding more aggressively and needed to cultivate their image with shoppers in new markets. Retail brands or private label brands occupied a special place in the minds of consumers as the businesses they represented tended to be large, successful and regarded as trustworthy. The retail brand strategy also became prevalent in the apparel world where companies such as The Gap and H&M achieved success with carefully cultivated brands. Meanwhile, other retailers infused product assortments long dominated by well known consumer packaged goods brands with their own retail brands. Early efforts and poor quality generic style products positioned solely as a low cost alternative were unsuccessful, but soon retailers upgraded product quality and began applying the same type of strategies that made national brands successful. The result was steady market share growth for private label brands in food and in particular, consumable categories.

Private label brands are now evident in virtually every merchandise classification and some retailers offer multiple brands within a single category. Shoppers willingness to purchase private labels and shop at chains dedicated exclusively to private labels created new avenues of growth and fuelled profitability. Retailers pursued direct manufacturing relationships, acquired established brands outright for their exclusive use and became less reliant on national brands that subjected them to price competition. Retail brands altered the dynamics of retailer and supplier relationships that had existed in the consumer packaged goods world, caused huge shifts in market share and contributed to consolidation in the consumer packaged goods sector. (Roth 2013)

The Need for Identification

Brands can be traced to the ancient civilizations much before they entered into the parlance of modern marketing. In ancient Greece and Rome, people used to promote their wares such as wines, ointments, pots and metals. Brands are linked to uniqueness at the fundamental level, as long as something remains unique, there would be no need for branding for example Taj Mahal or Qutub Minar. It is not difficult for people to identify these monuments separately from others. It is the uniqueness of these structures which set them apart from the rest. However, if there are identical Taj Mahals and Qutub Minars then it will become difficult. In such case a qualifier will be required to set them apart from others, therefore uniformity is the mother of branding.

Since ancient times, assigning names to people in all cultures is the most common practice for differentiating one person from the other. In the early twentieth century, farmers employed a variety of tools to brand their products. The etymology of word "brand" has its origin in the old Norse word "brandr" which means to burn. Since ancient times, farmers used to burn a mark or a symbol on the animals to identify their livestock, a practice which is common even today in villages. Branding becomes necessary when identity is lost due to homogeneity and therefore branding is the simplest form of differentiator (Verma 2004).

In the sixteenth century, distilleries used branding to further their cause. They burned their names on the wooden containers. Its purpose was that the whiskey of one distiller could be identified from other distiller and also prevented substitution from cheaper versions. This concept further evolved in the eighteenth century when producers began to assign their names with their products. It was some kind of corporate umbrella branding exercise in which the identity of producer used to be the brand name. For example Smirnoff vodka borrowed name from the Smirnoff family and went into vodka business in 1818, Ford automobiles also borrowed name from Ford family to get into automobile business.

Private labels began in the grocery chains pioneered by retailers such as A&P, then the Great Atlantic and Pacific Tea Company. Grocery chains, such as Safeway and Kroger, and wholesale and retail cooperatives, such as IGA and Certified Grocers, were all prominent in the development and use of private labels, and they typically had substantial manufacturing interests in these programs. Manufacturer brands in the food business began to develop after the Civil War. They grew with each successive innovation in advertising media, but especially with the development of supermarkets. They employed self service and nontraditional space such as unused warehouses to cut costs while relying on manufacturer brands to control marketing overhead. The grocery chains followed supermarkets into the use of large self service space, gradually ceding to the promotional power of manufacturer brands in their merchandising decisions. The diffusion of commercial television in the post war period dramatically changed the economics of mass communication and cemented the role of manufacturer brands in food retailing. (Hoch & Banerji 1993)

Private labels contributed immensely to retail history by making most significant game changing impact on the industry. (Roth 2013). Private labels have made significant inroads in consumer packaged goods. There are more private label goods in the market than ever before (Quelch & Harding 1996) and especially in Europe private labels are extremely popular (Hoch 1996). J.C.

Penney was founded in 1902 and adopted private label program for growth in business. Penney was one of top department store chains in the USA and it did not treat store brands and private label brands interchangeably. (Specter 2013)

Historically, private labels have been misrepresented as something which is cheap in quality. Most private label products suffer this poor representation because they are priced lower than the competition and bargain pricing is part of their identity. Incidentally, the notion of private label is born due to competitive reaction to high priced merchandise. Consumers are made to assume or are told by the competition that anything which is priced lower represents lower quality which may not be true. National brands are supported by strong advertising programs backed by large budgets. Overtime, national brands continued to spread the message amongst masses that only national brands meant quality. On the other hand, private labels started to reduce emphasis on merchandise quality and became more focused on lower prices in order to become attractive propositions for consumers to consider merchandise for purchase.

Early Private Label

One of the early private labels was developed by Henry Sands Brooks, who opened his first shop in 1818 in New York City. Over time, his store acquired name of Brooks Brothers, which stocked, carried and sold men readymade garments that got associated with the conservative, well-dressed gentleman. During that period, many fashion trends were originated with this private label. In fact, Brooks Brothers gave direction to men's fashions, borrowing innovative ideas from various sources such as silk ties, button down shirts, sweaters, coats, and tweed jackets. (Fitzell 1982).

Jacob Bunn opened his first grocery store in Springfield in 1840. He started a business of retail trade selling items out of barrels, sacks etc. in this grocery store, customers were able to buy all kinds of goods: sugar, coffee, soaps, rifle powder, nails, brandy, tobacco, paint, etc. Over a period of time Bunn developed and sold other private lebels including Wishbone, Recipe, Golden Age, Cap, Old Timer, and Bunny (Fitzell 1982).

In 1861, John Wanamaker opened men's and boys clothing store in Philadelphia, selling ready to wear clothing at a low price. Earlier, he had to settle for lower quality merchandise which carried no label at all hence the goods was generic in nature. Since, the volume of trade was small; Wanamaker's bargaining power with manufacturers based on his buying power of shipments was weak. However, when size of his orders became large his bargaining power increased, he began to set his own terms and standards of quality and started putting his label on every garment. With that label, he placed the warranty that the quality of goods is as represented on the printed labels and the full amount of cash paid will be refunded, if customers find the articles unsatisfactory, and return them unworn and unimpaired within ten days (Scull 1967).

Private labels started off with a brand identity, very much on the same pedestal as so called national brands. As entrepreneurs and companies developed products with different names, protected by trademarks, under a national brand franchise, so did some merchants as they developed their own private labels. A merchant who put his own name on a product obviously had enormous pride in that item and had confidence on its quality. It was an interesting development in which high quality low price private label merchandise became an important part of merchandising mix.

Initial Private Label Pricing

Early in the nineteenth century, A. T. Stewart established a wholesale and retail dry goods business by selling Irish laces in New York City, in a department store. Stewart brought about a major innovation which had a profound impact on retail business. Stewart for the first time started the practice of pricing, by establishing a one price policy and putting a price tag on all his goods. For all practical purposes there was no systematic method of pricing when Stewart opened his business, prices were established by the primitive method of prolonged haggling. (Scull 1967).

Another merchant Rowland Hussey Macy started a dry store in New York in 1858, adopted a one price policy along with cash only policy. Those days it was a practice for merchants to allow customers the option to buy on easy credit terms. Macy's private brands included clothing under the Macy's label and various household preparations under the Red Star label such as perfumes, extracts, toilet preparations, tonics and remedies, ammonia, benzene, turpentine, etc. A different pricing approach was adopted by Samuel Lord in New York who founded Lord & Taylor in 1826 and introduced private labels representing the finest quality (Hower 1943).

In nineteenth century, society in North America was mostly rural. The cities were growing due to migratory population and department stores mostly catered to the cities, but most trading happened in the farms in the rural regions. Rural regions became the market for mail order houses, which were started, for example, by A&P, Sears, and Montgomery Ward in the United States and by T. Eaton Co., Ltd., in Canada. Eaton actually began as a retailer, distributed his first mail order catalog featuring many private label goods listed on it (Fitzell 1982).

Genesis of Brands

Inventions and innovations introduced during nineteenth century formed the basis for modern retailing techniques. The branded products opened up new product categories for all retailers. There was very little brand identity in the eighteenth and nineteenth centuries. During the U.S Civil War, branded soap, cleaning powder and medicine became popular. Procter & Gamble was founded in 1837 by Henry Proctor who started with supplying candles and soaps to soldiers and general public. The Colgate Palmolive Company, New York started business as a producer of soap, starch, and candles got its break in 1877 with the debut of Colgate toothpaste. It is interesting to note the early version of modern detergent in form of packaged soap powder first appeared in 1845, when Benjamin Talbert Babbitt an American businessman introduced soap shavings in one and two pound packages. (Fitzell 1982).

In 1886, Coca Cola is created by John S. Pemberton and was served at Jacob's pharmacy as an exotic medicinal product for relief of gastro disorders. John Pemberton registered his Coca Cola Syrup and Extract label as a copyright with the U.S. Patent Office. In 1887, coupons were first used to promote Coca Cola. The rights to bottle Coca Cola in most of the United States are sold to Benjamin F. Thomas and Joseph B. Whitehead (www.coca-colacompany.com).

In 1847, Smith Brothers Cough Drops appeared in New York where they offered customers cough drops to relieve their colds. As business grew, imitators used similar names in order to confuse the customer. Smith brothers designed a trademark for themselves; the acquisition of trademark by Smith was a significant development in early branding concept and formed the basis of subsequent development of branding practices. Further, in order to protect against imitators they packaged their product in paper boxes, which perhaps was the first factory filled package introduced by a company. These pioneering efforts made the Smith brothers among the innovators to recognize the value of a brand name and modern packaging. (Scull 1967).

In the nineteenth century, the social and demographic structure was changing. The successful stories of England's industrial revolution were spreading. The social and economic milieu of society was changing as the fruits of technology disseminated into American society. The people from American villages and towns were beginning to migrate toward the cities for job hunting. The break through invention of electricity opened an ocean of opportunities. The invention of steam engine led to the development of steam locomotive railways and the internal combustion engine led to automobile development. These were significant innovations which changed lifestyle of American society. Further, innovation of media and advertising which evolved from newspapers to magazines and later from radio to television helped in diffusion of these innovations successfully. These mediums allowed access to large consumer audience by business establishments and as a result media advertising was gainfully employed to deliver advertising content to consumer audience with objectives to inform, to remind and to persuade about benefits of advertised products.

Some brands actually started as private labels. Pepsi which is unquestionable a global brand today had modest origins. In 1898, a pharmacist Bradham concocted a pleasing cola drink to relieve dyspepsia (stomach upset) and peptic ulcer for patrons at his drug store in New Bern, North Carolina. Brad's Drink made from a mix of sugar, water, caramel, lemon oil, nutmeg, and other natural additives, became an overnight sensation. Subsequently Bradham began distribution of the drink outside his drug store, later he renamed his drink as "Pepsi Cola." He believed the drink was more than refreshment but a "healthy" cola, aiding in digestion, getting its roots from the word dyspepsia, meaning indigestion. Despite its name and hearsay, pepsin was never an ingredient of Pepsi Cola (www.pepsico.com).

A chemist, Robert S. Lazenby, introduced Dr Pepper at his Old Corner Drug Store in Texas, in 1885. Similarly, Claude A. Hatcher in 1901 began producing and bottling drinks under his own labels. The first private label for a soda water was called Royal Crown and the first cola drink Chero cola. In 1959, this operation came to be called Royal Crown Cola Co., taking its name from the company's first private label (Fitzell 1982).

Interestingly, the Rexall name followed an opposite course i.e. from private label to national brand. Louis K. Liggett opened his drug store in 1902, selling cod liver extract preparation under the name Vinol. He persuaded forty druggists into sharing the costs of a limited franchise plan, where each drug dealer, as a shareholder, shared in the profits, both as a manufacturer and as a retailer. Over the years, Liggett developed many different sales promotions, the major one centered on Saturday Candy, which was advertised all week but sold only on Saturday. The cost to produce the candy was 45 cents a box but it was sold at retail for 22 cents as a loss leader. This was an important development in retailing where in loss leader promotion led to increased consumer foot fall into the store, a retail marketing practice which is successfully followed by company's world over even today, for example Big Bazaar famous "Sabese Saste Teen Din" promotions in India. Rexall's when faced by intense competition, further innovated a unique selling technique. He introduced a "two for one sale," offering two items of the same kind for the price of one. This idea which was seen outlandish at that time is very much effective sales promotion technique even today. In 1977, Rexall relinquished its exclusive ties with Rexall franchise stores and adopted the route of a national brand (Fitzell).

Many private labels could be called national brands, even though they have followed a private course, these private labels have been and continue to be sold exclusively by a store or group of stores for example is A&P. The Atlantic & Pacific Company (A&P) history started in 1863 as a based in New York and the company diversified into retailing, developing The Great Atlantic & Pacific Tea Company. As news of its success spread, other grocery merchants adopted the "Tea" into their identities for example The Grand Union Tea Co. (1872); the Great Western Tea Co.

(1883); Acme Tea Co. (1894); the Jewel Tea Co. (1899). These merchants began private label programs by selling their own tea and grinding coffee in their stores (Fitzell). A&P's empire was built by Gilman and Hartford on a simple premise: low price, low profit margin, high turnover. They established four private lebels: Cargo, High Cargo, Fine and Finest. Hartford also developed the first economy brand of private label, called Thea Nectar. This was a black tea, made of a mixture of leftovers and the product was not promoted as a tea, but as a tea product. (Hoyt 1969).

The idea of manufacturing products led many merchants into the private label business. Bernard H. Kroger began the Great Western Tea Co. in 1883, stocking goods but also packaging coffee and tea in the store back room. In 1902, he had begun expanding into other private label items, secured from outside suppliers. Eventually, Kroger's manufacturing effort helped to make his operation today the fifth largest retailing organization in the United States and the second largest supermarket chain (Fitzell).

Quality standards of early Private Labels

Pioneers like Hartford, Macy and Kroger set high standards for their own labels. They were ridiculed by their competitors. The general reaction was that how could anyone sell quality merchandise at a lower price. Montgomery Ward started business in 1872 and developed private labels. His idea of offering customer honest treatment and quality general merchandise at wholesale prices was labeled outlandish.

About 1900, Sears began private brands program. In its catalog, some items were listed generically. Later, some national brand items were included in the catalog, such as Cracker Jacks and Colt firearms, but the majority of items belonged to the Sears family of labels. In the 1902 catalog, a number of private brand lines started to appear. For example, Acme was a trademark used for different product categories, shirts in the catalog carried the "S R & Co." label in product illustrations, another private label Gem was introduced on organs and Gramophones (Fitzill). J.C. Penney protected his quality standards by setting up a research and testing lab in 1930, which eventually became one of the largest and best equipped facilities in the country for consumer end use testing of textiles (Latham 1972).

Dilution of Private Label Quality

The robust concept of private labels, as conceived by pioneering giants in the retailing field, was based on the principles of quality at a lower price, representing value for the customer. However, in the first half of the twentieth century that concept was weakened to a low price image only. In recent decades, the old concept of low price plus quality has been gaining momentum.

In the competitive struggle against national brands, which emerged as category leaders, many private labels began to shed their emphasis on quality. At least, quality was perceived to be not as important as price. With strong advertising budget and support, the national brands convinced consumers that brands offered the best quality. Private labels did not have the support of advertising, had to resort on to a lower price image. Also, national brands often conducted price wars in different market segments, forcing retailers to carry more private label merchandise to recoup eroding profit margins.

In this overall scenario, private labels were left with primarily a low price image and as a result assumed second-class status in the marketplace. Subsequently, a “follow the leader” strategy evolved in retail trade, whereby private brands were forced to skim off sales from the bargain shopper. Now, private labels began to copy the national brand leaders in different product categories, which in some cases did not always represent the top quality advertised in the media.

As private label business grew, management involvement is diverted from vital areas such as product quality and service to administrative, financial, legal matters. The entrepreneur, who puts his name on the product, has pride in that product but, the chairman of a corporation has pride in bottom line profits. As small companies have grown or been absorbed by public firms, proprietor ownership structures has been replaced by big corporations with huge public share holding and professional managers who know management and finance, but have little specialized expertise in their industry (Marcus 1979).

Buying Cooperatives

The pioneering merchants were getting bigger. Their success attracted others to invest into the growing retail business. On the other hand, smaller merchants in order to stay competitive against the more successful, lower priced chains grouped together into buying co-ops for greater purchasing power.

From a modest beginning in 1901, Charles R. Walgreen, started a drugstore in Chicago and later, Walgreen began manufacturing his own line of drug products. This move allowed him to insure high quality, while offering his customers a lower price than asked for comparable merchandise sold elsewhere. Today, its private label program features 400 plus items sold in about 740 stores, covering high quality health items, beauty aids, and household products. Walgreen claims to be one of the largest private label manufacturers in the world (Fitzell).

Independent grocers also were outpaced by the chains. The small mom and pop stores often were tied to a wholesaler, paying middleman costs, while the chains purchased directly from manufacturers and processors or produced their own products. As a result, the chains could pass their savings on to the customer with lower prices and still earn profits; these prices could not be offered by local retailer. So, chains became an attractive vehicle for growth. The chains developed on their own power (A&P, Kroger) or through mergers (Safeway Stores) (Fitzell).

Private Labels Production

In line with the trends in the grocery segment, entrepreneurs in the general merchandise segment also became directly involved in manufacturing operations for their private label supply. In 1902 James Cash Penney (J.C.Penney) opened his first dry goods store, the Golden Rule. Later, J.C.Penney launched his own private label brands, beginning with Pay Day work clothes and then developing other lines:, Gaymode for women's hosiery, Towncraft for men's suits, Penncrest for electronics, and Penncraft for tools and hardware. (Latham 1972).

Montgomery Ward introduced its trademark, a black diamond on its goods. During the depression years, Ward changed its approach by offering merchandise in two quality variants for example as supreme quality and standard quality with the products were repackaged after getting delivery from suppliers, bearing the "MW" monogram instead of the manufacturer's brand name previously used for its merchandise.(Latham1972). Other pioneer Frank Woolworth expanded his product selection into wider varieties by dealing directly with manufacturers, ordering mass quantities at a low price, bypassing the jobbers. He introduced Woolco as one of Woolworth's first private label (Nichols 1973).

Competitive Element

The retailer's attitude about private label really determines its success or failure. As manufacturers' labels evolved into nationally advertised brands, many retailers who once commanded the trust of the consumer began to reassign that trust to outside suppliers. The retailer's role as arbiter in setting product standards fell to the outside manufacturer. Those retailers who fought against national brands, using private labels offensively or defensively, found themselves no longer selling a competitive brand.

In the emergent conditions, private labels had become a lower priced buying alternative. Due to persuasive advertising, consumers did not perceive private labels to be on the same level as the national brands. No matter what an aggressive private label merchandiser might do at the store level, its impact was not as great as national brand advertising. That advertising built initial relationship based on familiarity and development of trust based on national brand recognition, brand image, brand recall. All these combined factors finally led to the development of brand loyalty. The manufacturers' brands, through advertising, were positioned as top quality products said to offer the customer the best value for their money. To maintain their lower price and higher markup, private labels were not advertised and without the benefit of support of advertising and packaging, private labels were sold mostly on the basis of price only through the efforts of store salespeople. Many retailers, who had become conduits for order takers for the national brands, left the selling of those products up to advertising. When self service formats took hold in supermarkets, customers influenced by advertising, were more likely to choose the familiar national brand over the lesser known private brand.

With the advent of supermarkets which capitalized on mass distribution, the concept chain stores developed so effectively. Early supermarkets were enormously large and crude. They occupied converted factories or warehouses. Inside, the supermarket was a world itself. Boxes and barrels of merchandise, displayed in self service fashion, were strewn everywhere. Dangling banners and posters announced sensational bargains. Aisles were placed so shoppers passed all merchandise before reaching the checkout counter, where cash registers briskly rang up an endless stream of sales. Each supermarket carried a different selection of merchandise, but most featured groceries, meat, bakery goods, fruits and vegetables, dairy products, tobacco, paint, hardware and automobile accessories. Although retailers were slow to see the supermarket's advantages, consumers liked the larger stores. Shoppers enjoyed browsing at their own pace, filling baskets and carts with items of their own choosing. They appreciated easy access to products without interference and were loudly voicing their opinion in favor of lower prices.

In the period of economic recession, consumers eagerly welcomed every way to economize by trying to buy more in less. These early supermarkets laid emphasis on price, self service, and mass displays of nationally known brands. The popularity of supermarkets obviously was an attack on the grocery chains. Chains had strong private label programs while supermarkets followed the national brand route by selling only national brands. The boundaries between national brands and private labels appeared to have been drawn. The real competition started to set in between two systems of distribution: national brands through supermarkets and independents versus chains with private brands. (Zimmerman 1965).

In past private labels were considered as only discount version of national brand however, they are now seen in different light. Private labels have made significant improvements in quality in recent years. Increasingly, retailers are using private labels to differentiate themselves by building loyalty among consumers through offering quality products that are unavailable elsewhere, for example through multi tiered offerings such as premium versus value private labels. In recent times private label popularity among consumers is on the rise.

Conclusion

The history of private labels has been closely linked with evolution of retailing. The modern retail commenced with the appearance of the department store. All brands including private label brands are linked to uniqueness at the fundamental level due to needs of identification and differentiation because uniqueness is lost due to homogeneity. Private labels have contributed immensely to retail industry by creating impact through innovations such as putting price tag, acquiring trademark, designing packaging and planning sales promotion. Many established brands started as private labels.

Private labels have been misrepresented as something which is cheap in quality. Early pioneers have set high quality standards for private labels but the quality standards were diluted overtime. National brands supported by strong advertising programs were able to spread the message that only national brands meant quality. As private label business grew, management focus is shifted from vital areas such as product quality to administration. The boundaries between national brands and private labels are drawn with chains having strong private label programs while supermarkets followed the national brand route by selling only national brands. Recently, private labels have made visible improvements in quality and packaging overtime. More and more retailers are looking at private labels to differentiate themselves among consumers. At present private label popularity among consumers is on the rise.

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