

## **Effects of Distribution Channel Types and Determinants Influencing the Market Share of National Brands and Private Labels: An Abstract**

Philipp Brüggemann\*, University of Hagen, Hagen, Germany,  
philipp.brueggemann@fernuni-hagen.de

Rainer Olbrich, University of Hagen, Hagen, Germany,  
lehrstuhl.marketing@fernuni-hagen.de

Carsten D. Schultz, University of Hagen, Hagen, Germany,  
carsten.schultz@fernuni-hagen.de

### **ABSTRACT**

The competition between national brands (NBs) and private labels (PLs) as well as the regulatory framework for competition have led to a noticeable decline in NBs' market share in the retail sector (Olbrich et al. 2016; Quelch and Harding 1996). In recent decades, this development has been attributed to intense – sometimes ruinous – price competition, resulting in increased concentration in the retail sector and the proliferation of PLs (Hyman et al. 2010; Olbrich et al. 2016). Manufacturers therefore need to develop strategies to maintain competitive advantages (Cuneo et al. 2019; Verhoef et al. 2002). Knowledge about determinants of NBs' market share and the impact of distribution channels supports manufacturers and retailers by developing and executing effective marketing strategies. This study consequently analyzes determinants of the NBs' market share and unravels differences and similarities regarding different types of distribution channels based on 7.211.154 purchases from 98.326 households. The household data refers to the three distribution channels: discounters, supermarkets, and hypermarkets.

An increase in regular price of PLs, the share of NB price promotions, and the share of NB variety positively affect the market share of NBs across distribution channels. The share of PL price promotions has surprisingly no significant impact on the market share of NBs. Retailers do not need to use changes in share of PL price promotions, as they can control the market share by changes in the share of NB price promotions. Regarding the types of distribution channels, an increase in the regular price of PLs exerts the strongest positive effect on the market share of NBs in supermarkets. An increase in the share of NB price promotions, on the other hand, only has a weak positive effect on the market share of NBs in supermarkets. Our findings are in particular beneficial for retailers evaluating the effect of price changes and shares of promotional prices. Due to the prohibition of retail price maintenance, manufacturers can only exert a limited influence. For the branded goods industry, the change in the share of NB variety is especially relevant, because an increase in the share of NB variety has the strongest positive effect on the market share of NBs in supermarkets, discounters, and hypermarkets. Further, the market share of NBs in supermarkets increases as brand preference intensifies. This is particularly relevant for the branded goods industry, since both share of NBs variety and brand preference of households can be influenced by the manufacturer brand industry by, for example, product innovations and advertising campaigns.

**Keywords:** Distribution channels; FMCG; Market share; National brand; Private label; Retailing; Sales

References Available Upon Request