ABSTRACT

BRUER, SHANNA MICHELLE. Outcomes of Private Label Programs: Brand Loyalty, Supply Chain & Cost Management. (Under the direction of Dr. Nancy L. Cassill and Dr. Michelle R. Jones).

Private labels have become an increasingly important part of the retail apparel industry; however, the reason(s) for which they have been added to firms' portfolios has not been thoroughly researched or discussed in the academic or industry literature. The motivation for and outcomes of private label implementation at retail was therefore the focus of this study.

The purpose of this research was to determine the reasons for which private label, programs are employed by retailers. The research focused on two potential rationales: 1) *internal outcomes*, which are defined by the researcher as those that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs, and 2) *external outcomes*, though influenced by the firm, are ultimately determined by the consumer as brand loyalty.

The review of literature offered an explanation of the progression of logic used in the conceptual framework for this study. Additionally, it examined the current literature available in academia and industry. The conceptual model began with the generic competitive strategies offered by Porter (1990), was narrowed to a single strategy through Aaker's (1998) success factors of differentiation and Barney's (2002) differentiation tools, finally the focus of the study was on the potential outcomes of a brand offered by Keller (1998).

The methodology used in this study consisted of three phases. Phase I used

deductive research design (quantitative). The goal of the deductive analysis was to determine the level of, and differences between, the loyalty associated with national and private label brands. In order to accomplish this goal, STS longitudinal panel data was employed. The sample consisted of 12,254 denim jean purchasers.

Phase II used an inductive research design (qualitative). The inductive phase was used to expand upon the findings from phase one, as well as gain data on the internal outcomes associated with private label brands. In order to accomplish Phase II a case study methodology was employed. The two-page discussion guide was developed by the researcher and was used to acquire depth of information on the three outcomes, as well as uncover potential rationales for program implementation. The sample consisted of thirty companies from the following five sectors: fiber, fabric, apparel manufacturing/marketing, apparel agents, and retail. The information collected from industry interviews brought a deeper level of understanding as to why private label programs are implemented at retail.

Phase III was a co-interpretation of analyses from Phases I and II. The goal of this section was to visually depict the motivations for private label program implantation, relationships and communication within the supply chain, and outcomes of program participation for each sector.

Quantitative results indicated that there is no greater loyalty associated with private label product than that of national brand. Further exploration of private label program drivers found that retailers and manufacturers were driven to private label programs by two additional motivations – supply chain management and cost management. From these results

a private label apparel model was developed containing drivers for programs, communication amongst supply chain members, and outcomes of program implementation. The findings of this study are significant to both industry and academia when determining the best strategy for entering and improving private label programs.

OUTCOMES OF PRIVATE LABEL PROGRAMS: BRAND LOYALTY, SUPPLY CHAIN & COST MANAGEMENT

by

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BIOGRAPHY

The author, Shanna M. Bruer, was born in Champaign-Urbana, Illinois on June 9, 1980. Her parents are William and Jari Bruer and she has an older sister named Elizabeth and a younger sister named Laura. Shanna grew up in Pontiac, Illinois as the seventh generation on her family farm. She graduated from Pontiac Township High School in 1998 and went on to study Agricultural Economics and Consumer and Textile Marketing at the University of Illinois at Urbana-Champaign. She graduated with two Bachelor of Science degrees in May of 2002. After graduating, she decided to pursue her Master of Science Degree in Agricultural, Environmental, and Developmental Economics at The Ohio State University. Following her M.S. degree, Shanna went on to pursue a doctorate in Textile, Technology Management. Currently, she is completing her graduate requirements and intends to pursue a career in the apparel industry.

ACKNOWLEDGEMENTS

I would like to thank the co-chairs of my dissertation committee, Dr. Nancy L. Cassill and Dr. Michelle R. Jones. Dr. Cassill's persistence and guidance enabled me to overcome any challenge that came my way and has enabled me to pursue an exceptional career path in industry and/or academia. Dr. Jones' advice that a Ph.D is "not about intelligence, but about perseverance" followed me throughout my three years. I am very grateful to both of them for all of the time, effort, and advice they have given me. I would also like to thank Dr. William Oxenham, Dr. Roger Woodard, and Dr. Barry Goodwin for their insight, and aid throughout the research process; their support helped ensure the success of this research.

The financial support, as well as use of data, by Cotton Incorporated enabled me to complete both phases of my research. Thank you to Mark Messura for believing in my study and gifting me with such resources. Also, deserving gratitude are the companies that participated in the industry interview phase of my research. Their insight was extremely valuable and added to the depth of this project.

Words cannot express the love, admiration, and appreciation I have for the support my parents have given me throughout my life. They have heard about my dreams, encouraged them, and enabled me to achieve them. Thank you!

Thank you to my fiancé, Marcus, for his encouragement and patience as I have endured this long process.

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CHAPTER I

INTRODUCTION

As United States retailers adjust to the rapidly changing global marketplace, one that is proliferated with branded products, they are finding that utilizing private label programs may offer opportunities in terms of supply chain management, cost management, and brand loyalty that ultimately create a competitive advantage for the firm. Analysts report that apparel's share of total consumer spending has decreased from 34.2% in 1995 to 26.4% in 2004 demonstrating that consumers' overall dollars are shifting to areas other than the apparel industry (Baughman, 2005; Standard & Poor, 2005). This drop in consumer interest has been met by decreasing U.S. apparel prices from 1998 to present, the result of three major factors – 1) retailer demand on apparel manufacturers to decrease prices and improve margins, 2) retailers shifting product sourcing to countries with lower labor costs, and 3) consumer demand to get more product for their money (Baughman, 2005; Standard & Poor, 2005). Although these trends begin to tell the tale of the competitive nature of the U.S. textile and apparel industry, firms are continuously plagued with adversity from other industry members as well as consumers.

One of many issues with which the textile and apparel industry is faced is product proliferation. The explosion of alternatives in the marketplace is a result of reduction in trade barriers and the increasing ease with which imports are finding their way into the U.S. market. The result is a rise in the number of brands available in all product categories and significant increase in the number and type of retail channels (Dickerson, 1999; Standard & Poor, 2005).

The law of supply and demand states that increases to supply are either absorbed in response to an increase in demand or will create an over-saturation in the marketplace that will result in a corresponding price decrease. Because demand for apparel has become stagnant (Radwick, 2005), the latter of the two alternatives has left apparel manufacturers and retailers vying for existing market share, which results in a need to better understand customer loyalty and brand management strategies that encourage customer loyalty.

Competitive strategies by which a firm that participates at any level of the textile and apparel supply chain (from fiber production to retail) have been of great interest in industry and academia for decades (Ansoff, 1965; Bain, 1956; Barney, 1986; Conner, 1995; Palepu, 1985; Peteraf, 1993). This study will consider these competitive strategies in an attempt to understand brand management as a strategy for customer loyalty specified in the conceptual framework presented in Figure 1.

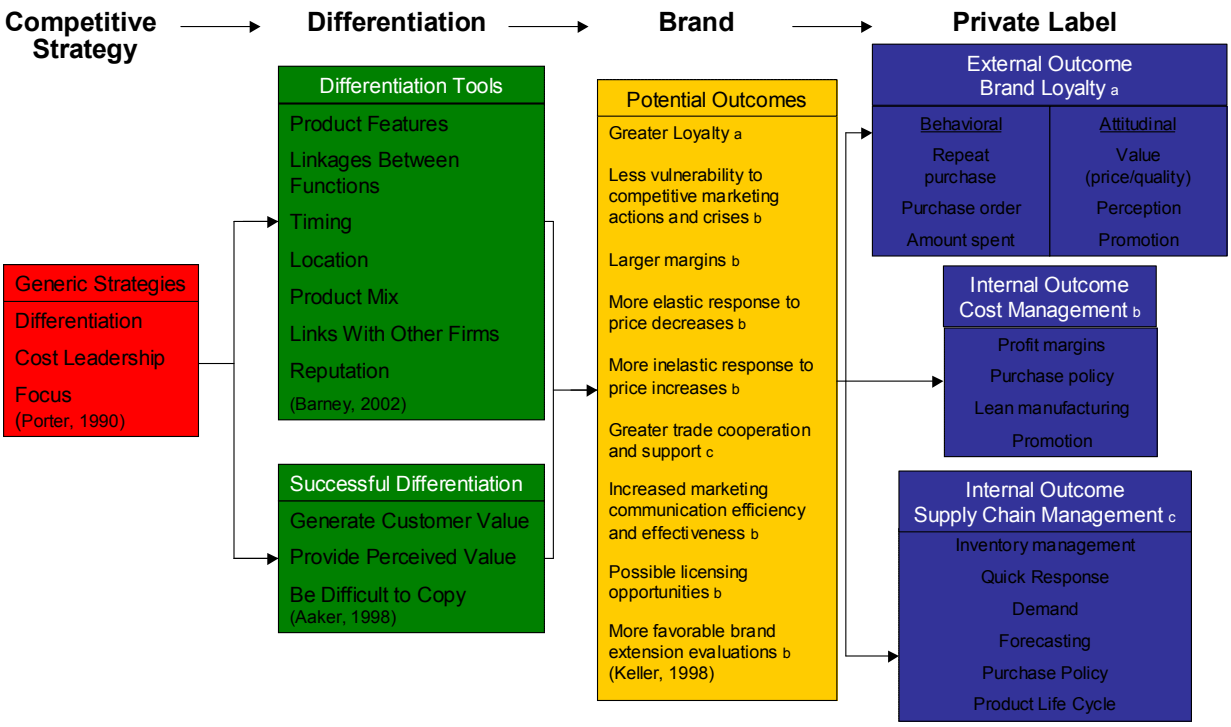

Figure 1: Conceptual framework - Progression and rationale of competitive strategy of private label programs

Sources: Aaker, D. (1998). *Developing Business Strategies* (6th edition). New York: John Wiley & Sons, Inc.; Author (Bruer, S., 2005); Barney, J. (2002). *Gaining and Sustaining Competitive Advantage*. New Jersey: Prentice Hall; Keller, K.L. (1998). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*. New Jersey: Prentice Hall; Porter, M.E. (1990). *The Competitive Advantage of Nations*. New York: The MacMillan Press.

The first concept of competitive strategy considered was developed by Michael Porter (1990) and is described as taking offensive or defensive actions to create a defendable position in an industry. These actions will enable the firm to successfully manage competitive forces and create a higher than average level of economic return. The three basic strategies offered in Porter's theory are cost leadership, differentiation and focus. Differentiation is defined as a firm's attempt to create a product or service that is perceived

by the consumer and/or industry as unique and having superior attributes or value (Grant, 1995; Scott, 1998). Barney (2002) identifies seven different ways in which a firm might set themselves apart from competitors – product features, linkages between firms, timing, location, product mix, links with other and reputation, all of which are best leveraged through the use of a brand. In order to measure the success of a differentiation strategy (or the brand), Aaker (1998) identifies three means of assessment – customer value, perceived value and inimitability. Aaker (1998) defines customer value as that worth which is apparent to the customer as opposed to what actually exists. He describes perceived value as that which is effectively communicated to the consumer. Finally, to be successful, the differentiation strategy must be sustainable and difficult to copy.

The means by which a firm might build a successful brand are offered by Keller (1998) in a model that ultimately illustrates the potential outcomes or benefits related to branding. Brands can fall into a number of categories depending upon how they are created, to whom they are targeted, or how they are positioned, although the two most prominent divisions are national brands and private labels. From the private label strategy a variety of benefits may be attained for the firm, both internally and externally.

Private label programs are identified in Figure 1 as having positive effects on the firm through internal and external means. Externally, private labels may create brand loyal customers. Such loyalty may be measured through attitudinal and behavioral data. Attitudinal measures are those that are based on preference statements or statements of likely behavior, where behavioral data is based on actual behavior or self-report of actual past behavior (Jacoby & Chestnut, 1978). Internally, the firm may reap benefits from private

label programs due to supply chain (Lambert, et al., 1998) and cost management (Bruce, et al., 2004; Lowson, 2003; Wood, 1997).

While much attention has been given to the food industry, little research exists on private label program benefits as they apply to the textile and apparel industry. As competition continues to rise, it is important that the effectiveness of such a strategy is realized. Therefore, the motivation for and outcomes of private label implementation at retail was the focus of this study.

Purpose of Research

Private labels have become an increasingly important part of the retail apparel industry; however, the reason(s) for which they have been added to firms' portfolios has not been thoroughly researched or discussed in the academic or industry literature. The motivation for and outcomes of private label implementation at retail was therefore the focus of this study.

The purpose of this research was to determine the reasons for which private label programs are employed by retailers. The research focused on two potential rationales: 1) *internal outcomes*, which are defined by the researcher as those that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs, and 2) *external outcomes*, though influenced by the firm, are ultimately determined by the consumer as brand loyalty. Specific research questions include:

1. What is the purpose(s) of a private label differentiation strategy from an apparel retail perspective?

a. Consider the implications and existence of *internal outcomes* from private label programs – greater control over the supply chain and cost management.

b. Consider the implications and existence of *external outcomes* from private label programs – increased brand loyalty.

2. What is the purpose(s) of a private label differentiation strategy from the perspective of upstream supply chain members (fabric and apparel manufacturers)?

   a. Establish outcomes of private label retail programs on upstream supply chain members.

   b. Establish retailer outcomes as defined by upstream supply chain members.

3. How would a visual depiction of the relationships and interactions that occur among a firm supply chain appear? How would the outcomes created by private label programs then be illustrated?

Research Objectives

Specific research objectives include:

RO1: To determine the purpose(s) of private label, denim jean programs for retailers

a. in terms of brand loyalty

   - by using quantitative analysis to measure and compare private label and national brand loyalty (quantitative analysis)

   - as established by private label retailers industry interviews

b. in terms of supply chain management

   - as established by private label retailers through industry interviews

c. in terms of cost management

- as established by private label retailers through industry interviews

RO2: To determine the outcome(s) of private label, denim jean programs from the perspective of upstream supply chain members (fabric manufacturers and apparel manufacturers) through the use of industry interviews

a. as applied to their sectors

b. as applied to retailers

RO3: To create a model that depicts the relationships with the three private label drivers and outcomes, as well as the interactions that occur among a private label denim jean supply chain (fabric manufacturers, apparel manufacturers and retailers) when creating the program

Significance of Study

This study is significant for five reasons, the first of which is the current void in literature. There exist many reasons for private label programs, but few discuss the industrial ramifications in terms of customer loyalty, supply chain and cost management. This study examines these potential consequences through industry case studies. Second, past research has been focused on the implementation and consequences of private label food programs, but do not consider the effects on the apparel industry. As the prevalence and sales volume of private label apparel brands have increased (even though there has been a long-term decrease in overall apparel sales), the need for an examination and analysis that will guide further academic research and teachings, as well as increase industry competitiveness, has been heightened. The research is specifically important to academics as they continue their research and teaching of competitive strategy selection and implementation. The study is

also important to the textile and apparel industry as the study will document the way in which private label supply chains function and the outcomes for all complex members; ultimately allowing them to select the best strategy for their business.

Third, the study is unique in its attempt to analyze both quantitative and qualitative data to understand both consumer and industry behavior. Much of the current literature focuses on individual, attitudinal data which expresses what a consumer *might* do, but does not actually represent true behavior or actions. This research deals with consumer behavior. Fourth, and also distinct, this study considers the outcomes of private label programs for all members of the supply chain, as opposed to one sector. This holistic approach allows a better understanding of how firms interact to successfully produce a private label program.

Fifth, the U.S. textile and apparel industry has been in constant upheaval due to the globalization of sourcing and trade as well as product proliferation. Therefore, it is important to identify the effectiveness of a competitive strategy for a firm. This study provides a model for which industry can determine the potential benefits of employing private label programs as a competitive strategy.

Limitations of Study

1. The data set used for the quantitative analysis represents behavioral data.
    a. Behavioral data captures actual consumer behavior while attitudinal data are often antecedents to consumer behavior and explain the reason for which consumers purchase. Strictly using behavioral data limits the amount of inference available as to why the consumer is purchasing.

2. The data set used for quantitative analysis may not be representative of the entire population. The data are collected through online, mail and telephone communication – such information may not be representative of the masses (NPD, 2005).
3. Firms represented in the qualitative portion of the study are a sample and not an entire population. While the sample selection was determined using a structured method, not all firms that participate in private label denim jean production and sales are represented in the sample.
4. The study is focused on denim jeans and cannot be generalized to the entire textile and apparel industry. The quantitative section of the study uses purchasing behavior within the denim jean category and does not consider other product categories. The population identified and sample selected for the case studies only included manufacturers of denim fabric, manufacturers of denim jeans, and retailers of denim jeans.
5. The concept of cost management is addressed in the case study section of the research, however, specific financial information on profitability of private label programs versus national brands, return on investment and margins is not documented. The responses given in the case studies are not verified by documented numbers and are therefore unfounded information.

Nominal Definitions

Brand Loyalty: buying from multiple suppliers within the category. It also refers to the degree to which a consumer consistently purchases the same brand within a product class (Bitpipe Industry Data, 2005).

Competitive Strategy: Taking offensive or defensive actions to create a defendable position in an industry, to cope successfully with the five competitive forces (potential entrants, buyers, substitutes, suppliers and industry competitors) and thereby yield a superior return on investment for the firm (Porter, 1998).

Cost Management: The management and control of activities and drivers to calculate accurate product and service costs, improve business processes, eliminate waste, influence cost drivers, and plan operations. The resulting information will have utility in setting and evaluating an organization's strategies .

Customer Loyalty: The degree to which customers are predisposed to stay with one company and resist competitive offers (Bitpipe, 2005).

Differentiation: A business strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products or services relative to the perceived value of other firms' products or services (Barney, 2002).

Downstream Activities: Those processes further along in the manufacturing/distribution chain (closer to the end-use consumer). These include wholesale and retail trades (Dickerson, 1999).

External Outcomes: Outcomes that, though influenced by the firm, are ultimately determined by the consumer as brand loyalty.

Internal Outcomes: Those outcomes that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs.

Inventory Management: An effort to maintain stock levels and costs within acceptable limits (Glock & Kunz, 2005).

National Brand: Brands that are generally available in a variety of retailers' model stocks and do not feature any degree of exclusivity (Diamond, 2006).

Private Label: Brands that are owned, controlled, merchandised and sold by a specific retailer in their own stores (KSA, 2003).

Supply Chain: The delivery of customer and economic value through integrated management of the flow of physical goods and associated information, from raw materials sourcing to delivery of finished products to consumers (EDI University, Retrieved 2005).

Upstream Activities: Those processes in the early stages of the manufacturing/distribution chain. These include specialized suppliers of the inputs for production such as fibers, textile machinery and dyestuffs (Dickerson, 1999).

CHAPTER II

LITERATURE REVIEW

The review of literature offers an explanation of the progression of logic used in the conceptual framework for this study. Additionally, it examines the current literature available in academia and industry. Overall, this section identifies past related studies and the need for further exploration in the area of textile and apparel private label strategy.

Conceptual Framework

The conceptual framework for this study provides a progression of logic and theory to the development of private label products, as well as their outcomes for industry or consumers.

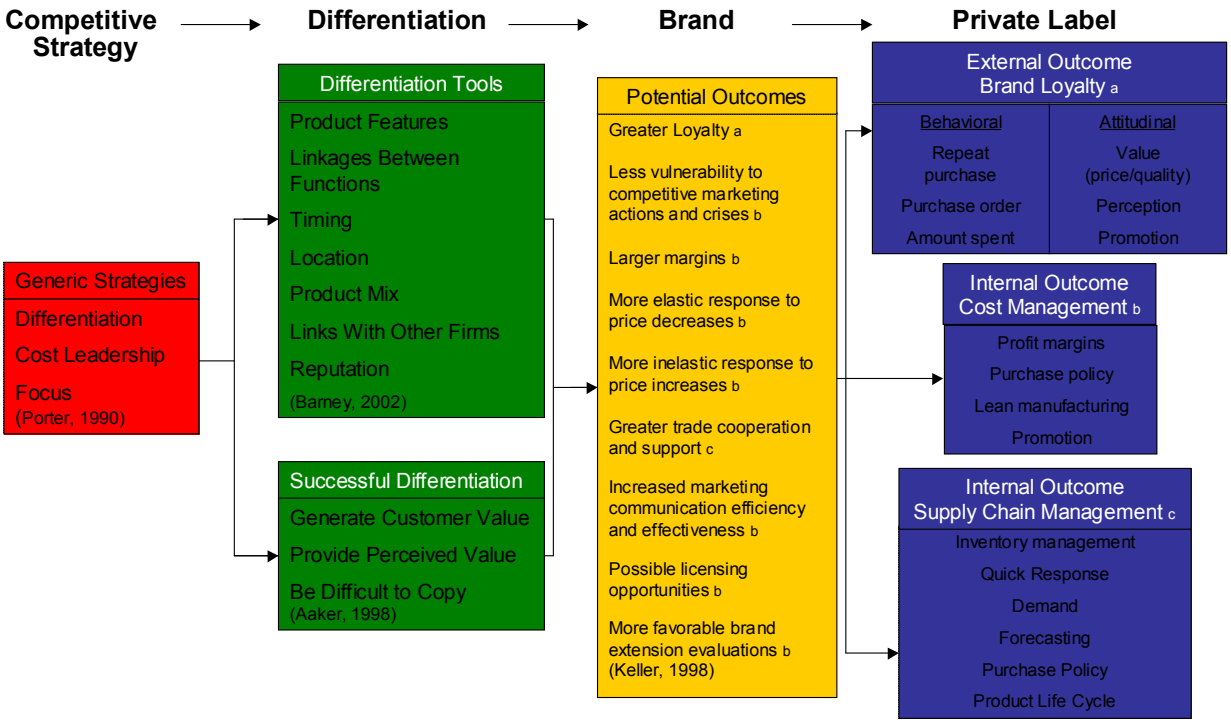

Figure 2: Conceptual framework - Progression and rationale of competitive strategy of private label programs

Sources: Aaker, D. (1998). *Developing Business Strategies* (6th edition). New York: John Wiley & Sons, Inc.; Author (Bruer, S., 2005); Barney, J. (2002). *Gaining and Sustaining Competitive Advantage*. New Jersey: Prentice Hall; Keller, K.L. (1998). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*. New Jersey: Prentice Hall; Porter, M.E. (1990). *The Competitive Advantage of Nations*. New York: The MacMillan Press.

The first concept of competitive strategy was developed by Porter (1990) and is described as taking aggressive action to create a defendable position in an industry. These actions will enable the firm to successfully manage competitive forces and create a higher than average level of economic return. The three basic strategies offered in Porter's model are cost leadership, differentiation and focus.

One component of competitive strategy, differentiation, is a fundamental key for success in today's industry. Differentiation is defined as a firm's attempt to create a product or service that is perceived by the consumer and/or industry as unique and having superior attributes or value (Barney, 2002; Grant, 1995; Scott, 1998). Barney (2002) identifies seven different ways in which a firm might set themselves apart from competitors: 1) product features, 2) linkages between firms, 3) timing, 4) location, 5) product mix, 6) links with other, and 7) reputation. All seven are best leveraged through the use of a brand. In order to measure the success of a differentiation strategy (or the brand), Aaker (1998) identifies three means of assessment – customer value, perceived value and inimitability. Aaker (1998) defines customer value as that worth which is apparent to the customer as opposed to what actually exists. He describes perceived value as that which is effectively communicated to the consumer. Finally, to be successful, the differentiation strategy must be sustainable and difficult to copy.

A brand is a potential vehicle by which a Differentiation strategy is implemented (through the use of one or more of Barney's seven tools) and is successful (as measured by Aaker's evaluation). Keller's (1998) conceptual model "Building Consumer Based Brand Equity" offers nine potential outcomes of a brand (greater loyalty, less vulnerability to competitive marketing actions and crises, larger margins, more elastic response to price decreases, more inelastic response to price increases, greater trade cooperation and support, increased marketing communication efficiency and effectiveness, possible licensing opportunities, and more favorable brand extension evaluations).

Brands can fall into a number of categories depending on how they are created, to whom they are targeted, or how they are positioned. The two most researched divisions are

national brands and private labels. From the private label strategy and the potential outcomes offered by Keller (1998), the author developed two potential rationales for which private label strategies are implemented: 1) *internal outcomes*, which are defined by the researcher as those that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs, and 2) *external outcomes*, though influenced by the firm, are ultimately determined by the consumer as brand loyalty.

Competitive Advantage and Differentiation

The apparel industry, due to its low barriers of entry, is one of the most highly competitive manufacturing sectors in the world (Standard & Poor, 2004). As obstacles to trade among nations have declined due to improved transportation systems, technology transfer and government cooperation, the industry has seen a rapid increase in globalization and competition. A common marketing trend seen throughout the 1970s was price competition as a means by which firms would compete for sales. Such measures, however, were found to lower margins, create a lack of customer loyalty, increase product imitation and produce inadequate profitability (Dickerson, 1999).

As a result of this trend, competitive strategies have been an imperative subject of study throughout academia and industry for the past thirty years (Allen, 1993; Ansoff, 1965; Bain, 1956; Barney, 1986; Conner, 1995; Palepu, 1985; Peteraf, 1993). A specific area of concentration has been on branding as a means of textile and apparel differentiation. This strategy has become increasingly popular with manufacturers and retailers in an attempt to achieve sustainable consumer appeal and profitability.

Competitive Forces

Currently there are four major areas in which the textile and apparel industry is facing significant struggle: trade, economic policy, product development and retailing (Kilduff & Priestland, 2001; Parrish, 2003; Standard & Poor, 2004). The textile and apparel industry, until recently, was a well-protected sector with high barriers[*] for imported products due to U.S. quota and tariff systems. With the World Trade Organization's elimination of quota, one means by which the domestic industry has combated inexpensive, competitive products will be lost and the door to foreign products and U.S. market penetration opened.

Economic policy has greatly affected the ability of industry to compete. With a strong U.S. dollar and competing countries' floating exchange rates, it is difficult for U.S. products to be competitively priced in either domestic or foreign markets (Little, 1989). Because the domestic industry struggles to compete on price (commonly attributed to high labor costs), firms are trying to find a competitive advantage in new product development by specializing in the production of goods that are capital and technology intensive such as home furnishings and industrial textiles (Tassey, 2004). The ability of this strategy to serve as a long-term advantage is beginning to decrease as developing countries are also investing in machinery and plants (Prystay, 2003).

The final issue that the industry confronts is the growth of power by the retailer, due to the development at mass, as well as the consolidation of many key players. The largest retailer in the world, Wal*Mart, requires their suppliers to deliver goods with little margin for the producer (Bloom & Perry, 2001). Control over the supplier is also evident within the

[*] Ordinarily, the apparel industry has low barriers to entry, but with government involvement in protectionist measures such as tariffs and quotas higher barriers are created (Dickerson, 1999).

department store channel as consolidation has escalated and buyers exert greater control over suppliers (Dawson, 2000).

Setting the Stage: Increased Industry Competition

Porter's Five-Forces Model, introduced in his 1990 text "The Competitive Advantage of Nations," is used to introduce the idea of competition. Applications of the five forces to the textile and apparel industry have also been made in the research to explain strategies used by firms to overcome competition (Parrish, 2004; McRee, 2002).

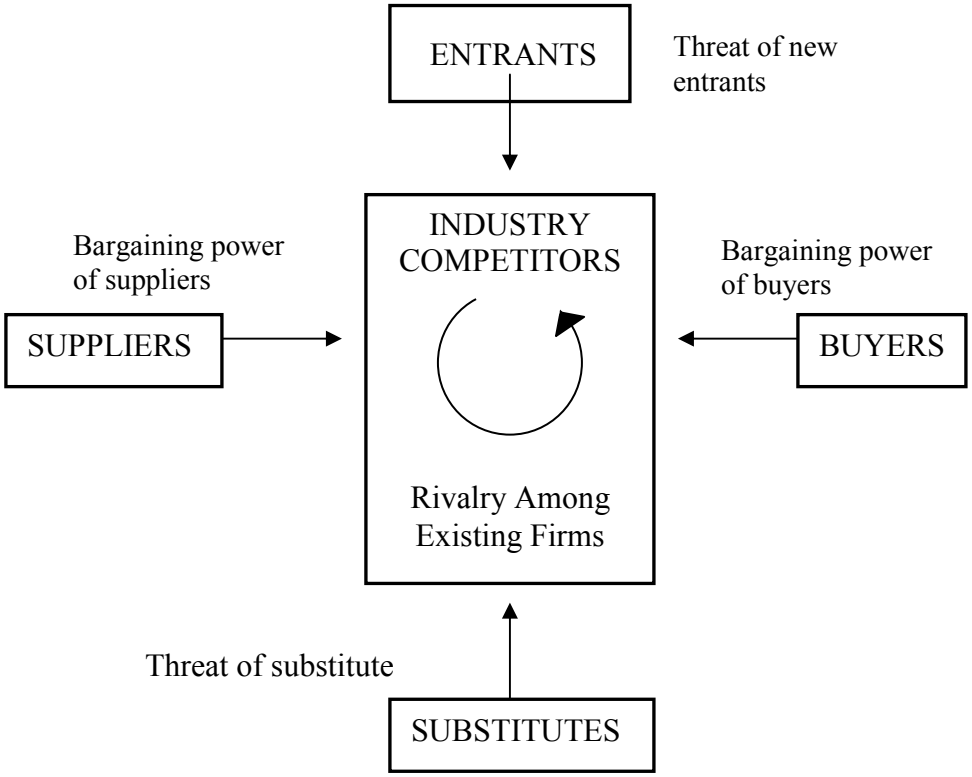

Figure 3: Forces driving industry competition

Source: Porter, M. (1990). Competitive Advantage of Nations. New York: The Free Press.

Potential New Entrants

Porter (1990) indicates that potential new entrants pose a threat due to the increased level of capacity they afford. Such additional supply could drive prices down and cut into the profits of current producers. The chance of newcomers entering the market depends upon two variables – the barriers to entry and the probability and severity of retaliation from the established producers. The barriers include economies of scales, product differentiation, capital requirements, switching costs, the accessibility of distribution channels, advantages held by competing firms including learning curves, location and patents, and finally, government policy can play a role in market entry and the ability to compete.

Rivalry Among Existing Competitors

The *intensity of rivalry among existing competitors* depends upon the level of saturation within the industry. If in order for one firm to gain market share they must take it from a competitor, the level of rivalry that exists is high, often resulting in retaliation and price wars. Rivalry may stem from a variety of sources 1) numerous and equally balanced competitors; 2) slow industry growth; 3) high fixed or storage costs; 4) economies of scale and overproduction; and 5) high exit barriers such as economic, strategic, and emotional factors (Porter, 1990).

Competition from Substitute Products

The *threat of competition from substitute products* occurs if multiple products are found to perform the same function (Porter, 1990). Such substitutability relinquishes much of the control from the firm to the consumer. No longer is the consumer at the mercy of the producer for quality, price or availability; instead producers have to worry about savvy

consumers that consider the value trade-offs associated with their purchase and must offer a superior product to avoid the loss of market share.

Bargaining Power of the Buyer

Bargaining power of buyers occurs when leverage is given to the buyer, and demand for lower prices, increased quality and more services are made (Porter, 1990). The amount of power enjoyed by a buyer group may be determined by the concentration of buyers or volume of purchases. Additional occasion for high levels of buyer power may occur when: a) purchase represents a large portion of the buyer's overall expenditures; b) if differentiation and switching costs are low; c) if there is likelihood of backward integration; and d) the buyer is fully informed about demand, market prices and supplier costs.

The Bargaining Power of the Supplier

Bargaining power of suppliers is a concept that mirrors that of the bargaining power of buyers, except the control is now shifted to the provider as opposed to the consumer (Porter, 1990). The level of concentration within both the buying and selling industries affect the bargaining power of the supplier. Probable instigators of supplier power can occur in the event of highly concentrated suppliers and fragmented buyers; few or no substitutes; the level of importance of the customer group or industry to the supplier; the significance a supplier's product plays as an input into a buyer's end product; the level of differentiation or switching costs; and the likelihood of forward integration.

Competitive Strategies

Before delving into a discussion on strategy it is first important to define competitive advantage:

> "A firm experiences *competitive advantage* when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. Firms gain competitive advantages when their theory of how to compete in an industry or market is consistent with the underlying economic processes in that industry or market and when few other firms share this theory or are unable to act upon it as completely." (Barney, 2002, p. 9)

The theory of how to gain such a competitive advantage, or compete successfully, is considered a firm's *strategy*. Competitive strategies are of such importance that Porter wrote an entire book on how they may be created and applied to specific industries (Porter, 1998). Although Porter did not expressly apply these strategies to the textile and apparel industry the following generic matrix is applicable.

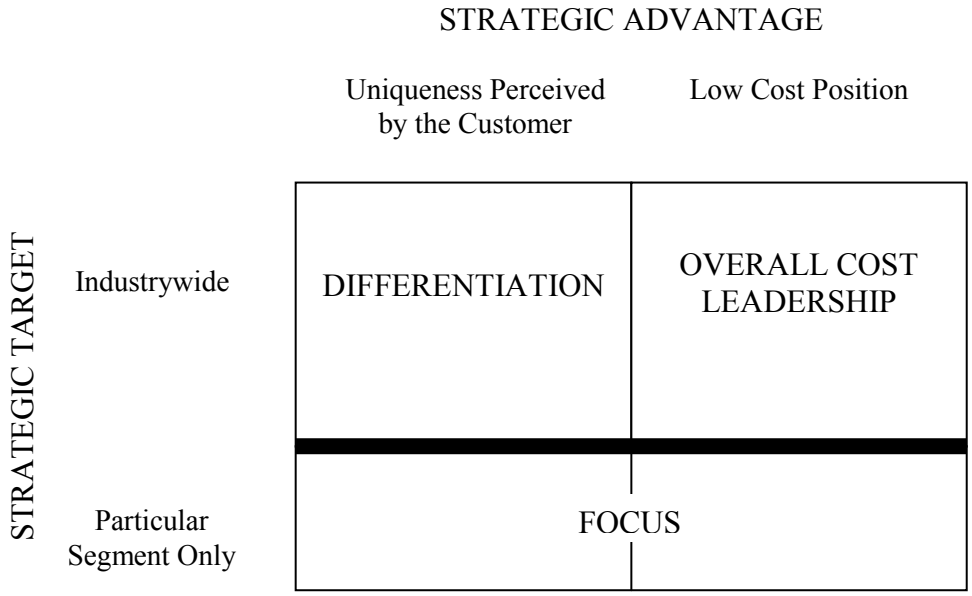

Figure 4: Three generic strategies

Source: Porter, M. (1998) *Competitive Strategy*. New York: The Free Press.

Cost Leadership

The first strategy identified by Porter (1998), *overall cost leadership*, was mentioned earlier as a means of combating the saturated textile and apparel markets of the 1970s. Cost leadership requires the firm to implement or attain a variety of competencies including efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force and advertising (Porter, 1998). The goal of such strategy is to reside at the forefront of low-cost production or retailing, and still achieve above-average returns. It is possible to understand why a firm would choose such a competitive position within the industry by analyzing the effects of cost-leadership on the five forces.

In the case of cost leadership, this is not as great a threat because the cost-leader is able to produce at a lower cost than this competitor and therefore maintain relatively higher margins. Cost leadership also offers protection against the bargaining power of suppliers (Barney, 2002). Because the firm controls its costs from every aspect of the operation, an increase in a single input does not weigh as heavily on the overall cost or performance of the organization. Being the low-cost leader is not an easy feat, it requires great internal planning, coordination and relationships with suppliers and buyers. Such relationships are not easily imitated and therefore can create a high barrier to entry for new firms wanting to penetrate the market. Lastly, the firm has a strong position in the market compared to substitutes due to the lower costs passed on to consumers that other firms with similar products might have difficulty replicating (Barney, 2002).

Differentiation

Differentiation is the second of Porter's (1998) generic strategies to which the five forces are applied as shown in Figure 4. Differentiation may occur in one of seven forms:

Table 1: Ways firms can differentiate their products

1.	Product features
2.	Linkages between functions
3.	Timing
4.	Location
5.	Product mix
6.	Links with other firms
7.	Reputation

Source: Barney, J.B. (2002). *Gaining and Sustaining Competitive Advantage*. Saddle River: Prentice Hall.

The ultimate goal of differentiation is to create a product or service that is perceived by the consumer and/or industry as unique and having superior attributes or value. A successful differentiation strategy allows for products to command brand loyalty and a corresponding reduction in price sensitivity – both helping to overcome the pressures of competitive rivalry. Unique attributes and brand loyalty also create barriers to entry for firms wanting to compete with like or substitute products. As mentioned, consumers are not as sensitive to price when loyal to a differentiated product, it is therefore possible avoid the need for a low-cost position (Cotterill & Putsis, 2000). Both supplier and buyer power may also be overcome through the willingness of buyers to pay a premium for differentiated products. Suppliers may raise their prices and consumers will absorb the costs without damaging the margin of the supplier. It has already been established that buyers' control is sacrificed because of their attraction to the unique attributes or perceptions associated with the differentiated product and are consequently willing to pay a premium.

Focus

The final of the three generic strategies is *focus*. This strategy may apply cost leadership, differentiation or both to a very specific market or segment of the population. The goal of focus is to serve a group or market more effectively or efficiently than those firms that try to serve a broad population. For all practical purposes, one can look at the characteristics and applications of each of the strategies listed above to understand how the firm applying focus might arrive at a competitive advantage.

Competitive strategies may be used individually or simultaneously, however, it is suggested by both Barney (2002) and Porter (1998) that to achieve excellence in either, a firm must concentrate on a single strategy and apply it to all endeavors. (Note: Appendix A includes a table of organizational requirements needed to develop each of the three strategies, as well as some of the opportunities and threats associated with their implementation (Porter, 1998)). In the subsequent sections one of the generic strategies - differentiation - is further developed and applied to the textile and apparel industries and then narrowed further to focus on a single approach.

Differentiation

Although individual industries and firms may find one competitive strategy more likely to benefit their particular situation than another, the focus of this paper is to consider the single strategy of differentiation. Differentiation is a firm's attempt to create a product or service that is perceived by the consumer and/or industry as unique and having superior attributes or value (Grant, 1995; Scott, 1998). It is important to note that the existence of product or service differentiation lies in the mind of the consumer (Elliot, 2004). In fact, two

products may be identical, but are presented in such a way to the consumer that they believe one superior to the other. In order to create such distinctions, a firm may use one or all of the seven distinctions. The seven bases of product differentiation are introduced using Barney's (2001) teachings as a guide for explanation.

Table 2: Differentiation tools

Differentiation Tool	Application
Product Features	Alter properties of product or service sold
Linkages Between Firms	Partnerships or associations
Timing	Being the "first mover" or perfect timing in entering/exiting market
Location	Consumer accessibility or association through firm or distribution location
Mix of Product/Service	Consistent and well-matched offering of related products

Sources: Author (Bruer, S., 2004).

Barney, J.B. (2001). *Gaining and Sustaining Competitive Advantage*. Saddle River: Prentice Hall.

Regardless of the means by which a firm differentiates their product, Aaker (2001), suggests that for it to be successful three characteristics must exist:

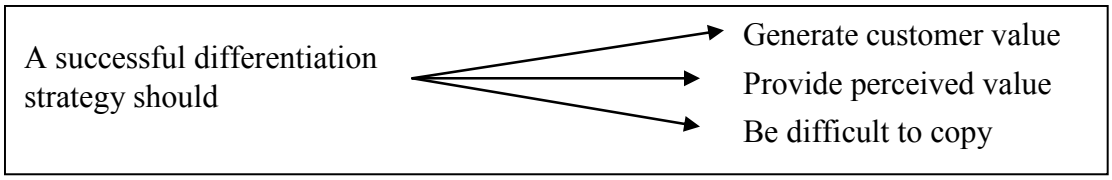

Figure 5: Successful differentiation

Source: Aaker, D. (2001). *Developing Business Strategies.* New York: John Wiley & Sons.

Barney's Economic Value of Differentiation

Although management and marketing are the disciplines that govern competitive strategies (Barney, 2002), it is important to consider the economic ramifications associated with differentiation. In the study of commodity markets in which products with no distinct attributes fall, firms are assumed to operate under perfect competition (Seitz, Nelson, & Halcrow, 1994). In addition to identical products, the assumption that defines perfect competition is numerous firms in an industry, each of which controlling only a small portion of the market. Because these firms have no control over prices, they face a horizontal demand curve and produce and sell at the point where marginal cost is equal to marginal revenue, thus maximizing economic performance (Barney, 2002). In a perfectly competitive market the maximum return that a firm can achieve is normal economic profit. It is the premise of both Barney (2002) and Porter (1998), that by differentiating a firm's product the firm will achieve above normal returns.

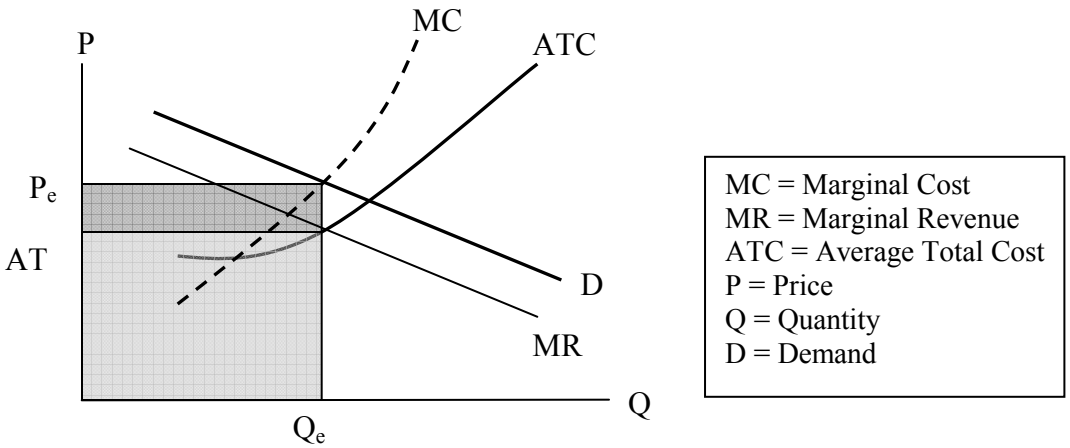

Figure 6: Product differentiation and firm performance: The analysis of monopolistic competition

Source: Barney, J.B. (2002). *Gaining and Sustaining Competitive Advantage*. Saddle River: Prentice Hall.

Figure 6 shows how a firm might successfully achieve above normal profits (Barney, 2002). In selling a differentiated product, it is as if the firm holds a monopoly and therefore operates under monopolistic competition. This differs from perfect competition because the firm is no longer at the mercy of the market price; instead it may be adjusted in such a way that consumers pay a premium for the unique product being offered. This change is represented by the downward sloping demand curve that demonstrates the decision a firm must make to produce a relatively small quantity and command high prices or produce larger quantities and market them at lower prices. Firms still choose to maximize their profits by producing and selling at the point where marginal cost is equal to marginal revenue (Barney, 2002). The price that is charged at this point corresponds with the level of demand in the market – high demand means the firm may charge higher prices, conversely, low levels of demand result in decreased prices. The key difference in this model, however, is that if the firm's average total cost is below the price it can charge its customer, then the firm selling the differentiated product can earn an above- normal economic profit.

The diagram given in Figure 6 shows four important lines, MR (Marginal Revenue), ATC (Average Total Cost), D (Demand) and MC (Marginal Cost). The intersection of MR and MC is used to determine the quantity that should be produced (Qe) and prices charged (Pe) to maximize profits. Because the demand for the good is high enough that the price charged exceeds the ATC, the firm achieves above normal profits. The actual amount can be determined by multiplying the price x quantity of the darkly shaded region above. Normal profits could be calculated by the same method, but with the figures represented in the lightly shaded region (Barney, 2002).

Differentiation Strategies

Exploration of differentiation strategies has led to the development of ways in which a product or firm might create a unique offering that commands a price premium. The next concern that must be addressed for firms that choose to implement this strategy is how to *sustain* this competitive advantage and avoid imitation by others, thus bidding away the above average profits that drove the firm to invest in uniqueness.

The rarity and costliness to imitate a product differentiation strategy are what ultimately determine the long-run sustainability of the market position (Gripsrud & Kjell, 1985). Of the seven potential different strategies given in Table 2, each offer a varying levels of defense against product imitation – whether through direct duplication or substitutes. Often product duplication is a simple accomplishment for rival firms as new products are made public and the unique features can be identified and reproduced or improved. The threat of duplication by competitors is high and difficult to overcome if firms are focusing their differentiation on product features and product mix rather than links with other firms,

product customization, complexity, or consumer marketing. Although duplication of all of these efforts is possible, they come with varying ease, as some are costly and difficult to accomplish.

One strategy that is more costly to duplicate is the linkages across functions in a firm because it is often difficult to duplicate the corporate culture or environment that successfully internalizes such communication and teamwork. Timing is also difficult to duplicate for such an advantage is often arrived at by luck or a history of predictors such as instinct and market knowledge that are individual to that firm. Location, like timing is unique in that a similar strategy might be implemented, but can never be precisely duplicated. Last, and potentially of greatest importance, is the firm or product reputation. According to Barney, "a firm's reputation is actually a socially complex relationship between a firm and its customers, based on years of experience, commitment, and trust" (2002, p. 285). This is perhaps the only strategy that cannot be earned quickly or readily bought and sold.

Armstrong and Kotler's (2000) approach to differentiation takes on more of a marketing strategy and is divided into four major areas of differentiation:

Table 3: Market Differentiation Strategies

Product Differentiation	Service Differentiation	People Differentiation	Image Differentiation
Features Performance Style Design Consistency Durability Reliability Reparability	Delivery Installation Repair Customer training Consulting services	Employee hiring & training Customer contact Competence Courtesy Communication	Images Signs Symbols Logos

Sources: Author (Bruer, S., 2004).
Armstrong & Kotler (2000). *Marketing: An Introduction*. Upper Saddle River: Prentice Hall.

There is a great deal of overlap among the strategies of Armstrong (2000), Barney (2002) and Porter (1998), most notably the similarities within product, service and staffing strategies. The difference that should be most strongly noted and is the focus of the next section of this paper is *image differentiation*. This strategy differs in that firms or products are perceived uniquely by consumers due to differences in images, symbols, logos or signs, also referred to by Armstrong and Kotler as *brands*. As the number of choices in the marketplace have increased, the importance of branding has become increasingly obvious (See Appendix B). With the proliferation of products under a single category, it is apparent that differentiation purely on product attributes or other replicable offerings make it difficult to evade rivalry and direct price comparison, but by creating a unique position in the mind of customers through the use of brands it is possible to achieve and sustain a firm's differentiated advantage. According to Hitt, Ireland and Hoskisson (2001), brands are of increasing worth because they are intangible assets that are difficult for competitors to quantify and imitate. The subsequent

sections discuss brand marketing, different types of brands and the significance of each application.

Branding

Branding Defined

A brand, as defined by Keller (1998), is "a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible – related to product performance of the brand – or more symbolic, emotional, and intangible – related to what the brand represents" (p.3). Mariotti (1999) defines a brand as "a simplified 'shorthand' description of a package of value upon which consumers and prospective purchasers can rely to be consistently the same (or better) over long periods of time. It distinguishes a product or service from competitive offerings" (p.13). The definitions offered throughout the various articles and books on branding are quite different and abundant, but the commonality among them all is that they provide manufacturers and retailers a means by which they can enter the mind of the consumer with some sort of differentiated value.

Nearly as numerous as brand definitions are the categories by which a brand might be organized. Listed below is a compilation of brand groupings followed by an explanation of each category.

Table 4: Brand terminology

Brand Classifications (Nilson, 1998)	Brand Market Positions (Nilson, 1998)	Brand Type (Coomber, 2002)	Other (Nilson, 1998)
Corporate brands	Primary brand	Product brand	Channel brand
House brands	Secondary brand	Service brand	Own-label
Range brands	Tertiary brand	Personal brands	Co-branding
Product brands		Organizational brand	
		Event brand	
		Geographical brand	

Sources: Author (Bruer, S., 2004)
Nilson, H.N. (1998). *Competitive Branding: Winning in the Marketplace With Value-Added Brands.* New York: John Wiley & Sons.
Coomber, S. (2002). *Branding*. Oxford: Capstone Publishing.

According to Nilson (1998), brands can be classified into several different categories: corporate brands, house brands, range brands and product brands. A *corporate brand* is "a brand symbol covering all activities of a corporation. It clearly and distinctly identifies the one who is responsible for the product or service" (pg. 27). The purpose of a corporate brand is to answer the questions in a consumer's mind about who makes the product. It gives them further reassurance about the quality of the product, as well as the trustworthiness of the company (Aaker, 2004). The key benefit to having the corporate brand on a product label is an increased level of confidence by consumers. An example of a corporate brand is Nestle's use of 'nest' on all of their products worldwide. It allows consumers to know that the product they are buying is ultimately owned by the corporation even though it may be produced under another brand name (Nilson, 1998).

Perhaps the most traditional way of branding is the *house brand* (Armstrong & Kotler, 2000; Nilson, 1998). This method uses a name across a wide variety of products. Examples of this include Kellogg's, Ford and Ralph Lauren. Just as Kellogg's has Raisin Bran and Corn Flakes, Ralph Lauren uses several names on his products – Polo, Lauren,

Ralph and Polo Sport. The next level of branding mentioned is the *range brand* which has the purpose of unifying a large range of products. It is often used for a considerable number of products that have common and distinct values that are of a similar nature (Butler, 2004). Examples include the BMW 5-series or the Mars Bar. The Mars Bar comes in both light and dark chocolate, bite size, snack size and king size. They all fall under the same product but have slight variations which cause for a larger number of products to be sold under the same brand name and using the same/similar marketing efforts (Nilson, 1998).

The *product brand* strategy is that of a single product and a single brand. This method carries perhaps the most advantages and disadvantages, resulting in the majority of products beginning in such a way (Nilson, 1998). The strategy is valuable if a firm can focus all of its attention on an individual product, however, it is an economic hindrance because of the smaller scale to which one is confined as the name and marketing is not leveraged over a variety of products. Examples include Ivory soap, Ford automobiles and Coca-Cola. Coca-Cola began as a single product, but over its lifetime has grown into diet, cherry, vanilla, 12 oz. and 20 oz., as well as a variety of other variations (Nilson, 1998).

The next way in which Nilson classifies brands is according to their **market position**, or how they are situated with respect to the competition. This is broken down into three general categories: primary brands, secondary brands and tertiary brands. The *primary brand* is often referred to as the "market leader." It is typically the first product to pop into the consumers mind when considering a product category. Examples include Victoria's Secret in the lingerie industry or Nike in the athletic shoe industry. The *secondary brand* is similar to its name – it is second, third or fourth in the mind of consumers. Its basic means of survival is its distribution method. It is not necessarily the brand a consumer would choose

within a product category, but it is what is available and therefore gets the sale. The example given by Nilson is Chrysler automobiles. It is typically not the product that is the first choice of consumers, but because of other attributes – price, dealership incentives or availability, it is the choice of consumers. Finally, *tertiary brands* are those that are produced purely on price competitiveness and hold that spot in the consumer's mind. The products that fall under this category sell under a heavy discount (on average 25-30%), have average quality and little brand association. They differ from secondary brands because it is not the goal of manufacturers and retailers to compete with primary brands, but to aspire to customers that are more price conscious.

Yet another way in which Nilson classifies brands is called the *channel brand*. Running a brand policy through the use of channel brands allows a manufacturer to create different products and brand names for various channels. An example of such a method would be Levi's new strategy of offering different product at mass merchandisers, department stores and boutiques. They have various names, levels of pricing, quality and exclusivity that allow Levi to differentiate product from store to store while still using the well-known name.

Finally, Nilson talks about own labels and co-branding. Own labels or private labels are just two names given to a product line which is owned, controlled, merchandised and sold by a specific retailer in its own stores (KSA, 2003). Co-branding is the final of Nilson's propositions to be considered. *Co-branding* can occur in two different ways. The first of which takes place when two brands jointly endorse a single product. An example of this is many credit cards. Visa has Verizon and American Express uses General Motors . The second method of co-branding occurs when one brand endorses the contents of a main brand.

Perhaps the most well-known example of this strategy is the 'Intel Inside' campaign or that of 'nutri-sweet' found on many soft drink cans.

Coomber, author of *Branding* suggests that there are six different types of brands: product brands, personal brands, organizational brands, event brands and geographical brands. A *product brand*, the definition of which differs from that of Nilson, is a commonly packaged good with a well-known name association including: Pepsi, Mercedes, Calvin Klein or Liz Claiborne. A *service brand* refers to that of an intangible services, as opposed to the material things to which the brand might refer such as United Parcel Service (UPS) – consumers purchase the service of product transport, not the good that is being shipped. *Personal brands* encompass a range of personalities, typically well-known icons such as Elvis, Marilyn Monroe, Michael Jordan, Tiger Woods or Bob Dole. Such celebrity fame is then used by firms to associate the name or the individual with the product in an effort to transfer notoriety. Additional personal brands might emerge from the corporation or brand's founder (see Appendix C for a list of examples).

An *organizational brand* is one that becomes an integral part to the strategic planning process. The organizational brand can include charities, political parties and corporate brands. The brand is no longer just a product or service, but becomes the entire organization, or on the other hand, the organization may become synonymous with product. Examples of organizational brands include Microsoft and Virgin. *Event brands* are described as those that have taken on lives of their own and are promoted as stand-alone brands. Events that typically become their own brands are concerts, tournaments and races. Examples are the Superbowl, the Olympics, the Three Tenors and Woodstock. Finally, *geographical brands* are often used in or for major tourist attractions by the leisure industry. Examples include

sunbathing in the French Riviera, running with the bulls in Madrid, or shopping in Paris. Further brand categories are presented in a model in Appendix D.

Brand Development Models

Branding models serve as an important resource from which academia and industry may understand brand development. Although many models exist, six models have been chosen as greatly applicable to the textile and apparel industry. Appendix E contains a table of model descriptions and their applications to textile and apparel branding (Bruer, 2005).

Brand Identity

According to Randall (2000), there are many different dimensions of a brand and in order to better understand the various aspects, it is first necessary to differentiate brand image and brand identity (a glossary of branding terms is provided in Appendix F).

> "*Brand image* is what exists in the minds of consumers. It is the total of all the information they have received about the brand – from experience, word of mouth, advertising, packaging, service and so on – modified by selective perception, previous beliefs, social norms and forgetting." (p. 7)
>
> "*Brand identity* is what we [marketers] transmit to the market place – it is what is under our control, provided that we understand the essence and expression of our brand." (p. 7)

According to Figure 7, "Branding Essence," various dimensions of a brand – functions, personality/image, differences and sources - determine the brand's essence. The essence is what is held in the consumer's mind – the brand image. If any of the brand dimensions are incoherent, then the brand image is no longer consistent with the identity that the firm wishes the brand to present and the dimensions of the model must be scrutinized and tweaked.

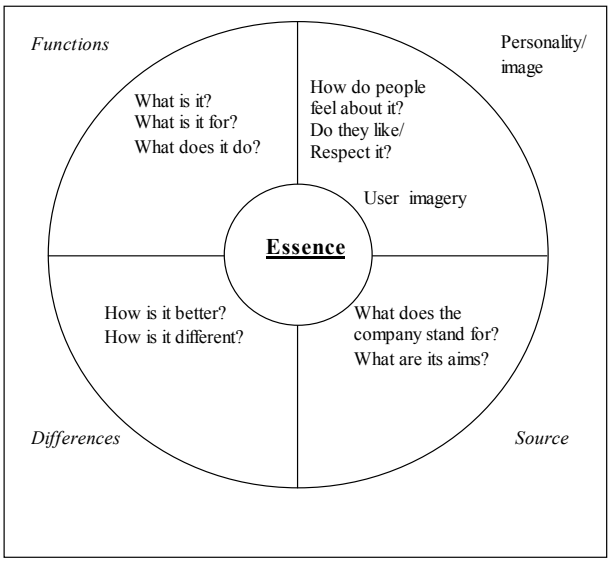

Figure 7: Branding essence
Source: Randall, G. (1997). *Branding: A Practical Guide to Planning Your Strategy.* London: Kogen Page Limited.

The idea that brand essence is what is held in the consumer's mind is contradicted by Aaker and Joachimsthaler (2000) who suggest that it is instead the brand's vision or "a single thought that captures the soul of the brand" (pg. 37). It is proposed by Aaker and Joachimsthaler that the vision is created with the consumer in mind.

The Lifecycle of Brands and Products

Brands, unlike individual products, are considered to have infinite life (Aaker & Joachimsthaler, 2000; Interbrand, 1998). This thought is defended by the fact that products often have finite life or are only protected by patents for a limited period of time, whereas trademarks if registered and maintained properly can go on indefinitely. The lifecycle and its

relationship to branding, however, is extremely important to marketers and manufacturers as it can help in extensions and revitalization.

Three different types of expansion can be made through the use of brands: line extensions, brand extensions and image transfer (Armstrong & Kotler, 2000; Interbrand, 1998). *Line extensions* typically occur through the product category in which it already resides through the use of functional, expressive and central values that are similar to those of the original product (examples would fall under range brands*)*. *Brand extensions* result from the broadening or lengthening of current product offerings into products that may not be similar, but require similar values by the consumer. Finally, *image transfer* is a case where the brand is not necessarily defined by its functional values, but by expressive and central values, and is therefore able to go beyond category limitations and can bridge a range of product types. A new product can be launched into the market more cheaply as marketing dollars are spread over a larger number of products. This can help a firm with products or brands that are "dying off" or losing equity in the eyes of consumers (Armstrong & Kotler, 2000; Interbrand, 1998). Unfortunately such use of the already existing brands needs to be well thought out and used sparingly as the brand might become diluted, consumers potentially become confused and your new products might cannibalize the current offerings (Mariotti, 1999).

As indicated by Murphy (1990), brands are valuable to firms at two different levels: 1) as a credible guarantee to consumers of value and satisfaction that evoke sales and future cash flow through loyalty; and 2) as a strategic position by manufacturers to communicate with consumers and gain control over distributors and retailers. Keller (1998) separates the importance of brands into how they benefit the consumer and the manufacturers:

Table 5: Roles That Brands Play

Consumers	***Manufacturers***
Identification of source of product	Means of identification to simplify handling or tracing
Assignment of responsibility to product maker	Means of legally protecting unique features
Risk reducer	Signal of quality level to satisfied customers
Search cost reducer	Means of endowing products with unique associations
Promise, bond, or pact with maker of product	Source of competitive advantage
Symbolic device	Source of financial returns
Signal of quality	

Source: Keller, K.L. (1998). *Strategic Brand Management*. New Jersey: Prentice Hall.

D'Alessandro (2001), establishes three more reasons for which a company would have an advantage in the marketplace by creating a strong brand. The first is that the very best people want to work for the best brands. The next is that brands help the employees focus and make decisions more easily because the identity the firm is driven to create for customers requires specific strategies to be implemented and actions to be taken. Finally, he suggests that as employees derive a sense of belonging, direction and purpose through the brands, and then do more than they otherwise would have believed they could to make the brand and firm a success. In addition to those intangible factors, Appendix G lists a variety of benefits.

Taking a different look at the implications of successful brands, Aaker and Joachimsthaler (2000) consider the financial outcomes to a firm. They suggest that firms are no longer victims of vicious price competition because their products are not seen as commodities. Additionally, they offer brand equity to the firm that allows for the brand to be seen as an asset or liability through its name or symbol that may add to or take away from the product or service being offered (see Figure 8). The exact calculations to determine a brand's worth are complicated and not always precise, but they do reflect a fairly accurate

representation of the brand's worth to a firm. Appendix H gives a list of some of the best-known worldwide brands such as Coca-Cola and Microsoft as a percentage of the firm's overall worth.

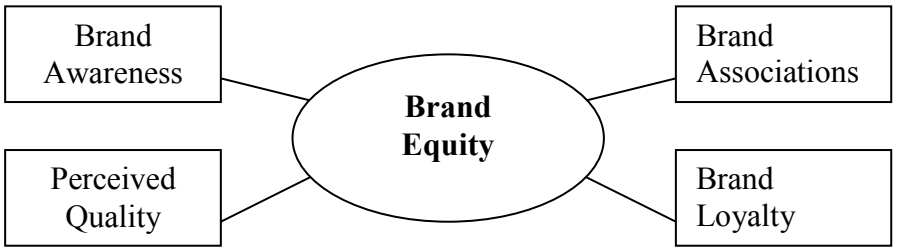

Figure 8: Brand Equity

Source: Aaker, D. (2001). *Strategic Market Management*. New York: John Wiley & Sons.

The previous section details the benefits that a firm or product might gain through the establishment of a winning brand. Now, it is important to realize what must be achieved in order for a brand to be a "success." Listed below are the four pillars of a strong brand:

1. Differentiation: what is its distinctiveness and uniqueness?
2. Relevance: is it personally relevant in price, package, form etc.?
3. Esteem: does it measure up to expectations: is it special?
4. Knowledge: do consumers know and understand the brand?

Source: Stuart J. (1997)"How Great Brands Got to Be That Way." *Advertising Research Council*

The four pillars are ways in which a brand must be created and perceived in order to thrive. The creation of a successful brand is important when considering the potential outcomes as is the focus of this study. Mariotti (1999), takes a different approach to a brand becoming successful through his "Three Ages of Brands." This evolution explains how the competitive

advantage associated with a brand can increase over its lifetime, thus creating increased the positive outcomes or benefits.

Table 6: Three Ages of Brands

Brand Age	**Description**	**Objective**
First Age	To differentiation/ show ownership	Capture as large a share of consumer's wallets as possible
Second Age	Value, status & identity emerge	Capture as large a share of consumer's minds as possible
Third Age	Become ideologies	Capture the largest possible share of consumer's lives, and even their souls

Sources: Author (Bruer, S., 2004).

Mariotti, J. (1999). *Smart Things to Know About Brands & Branding.* New Hampshire: Capstone US.

Two major categories of branded apparel exist in the store today – national brands and private labels. One of the key issues in the global retail world is the current trend from national brands toward private label goods, and the question of who will have control over the supply chain and costs - the suppliers or the retailers. The Private Label Manufacturers Association – PLMA (2003) conducted a study showing a 25% increase in store brand sales over the last five years with continued growth projected. Specifically, there was a rise from $36 billion in 1996 to over $50 billion in 2000. Additionally, the Chain Store Guide Apparel database shows that 41% of all companies listed offer private label merchandise (CSG, 2005). In the recent past, national brands have been the consumer's choice of product, but lately, whether it is from consumer demand or retailer push, the share of private label on the

retailer's racks and in the consumer's closets has been rapidly rising. In a poll by Brand Keys, a market-research firm, almost 61% of consumers said high-end apparel logos and labels are less important to them now than in years past (Branch, 2003).

The name "private label" is just one of many given to a product line which is owned, controlled, merchandised and sold by a specific retailer in its own stores (KSA, 2003). Others include store brand, proprietary brand, own label or dealer owned label.

As the amount of private label product found in the market has continued to rise, whether or not this trend will continue is of interest to retailers and manufacturers. According to Mariotti (1999), the store brand phenomenon seems to follow the economic trends of the market in that as the economy begins to soften, the amount of private-label goods sold will increase. Affirming this belief is the appeal of store brands to consumers due to their lower costs (Mariotti, 1999). Such lower costs cause a high correlation between the private label purchases and personal disposable income – as an individual's disposable income rises, the less likely they are to buy private labels and the more likely they are to purchase national brand products (Keller, 1998).

When creating a private label program, retailers use two different methods – 1) buy or license existing brands, thereby piggybacking off an existing name recognition and advertising campaigns or 2) develop their own brands from scratch. Examples of these two methods are plentiful and are discussed in some detail.

Private Label Evolution

Although sales and attention are mounting for the phenomena, private label is not a recent development. Brooks Brothers was the first to introduce its own label with ready-to-

wear garments in 1818 (Mahoney & Sloane, 1974). Other manufacturers were quick to see the merit in private label products:

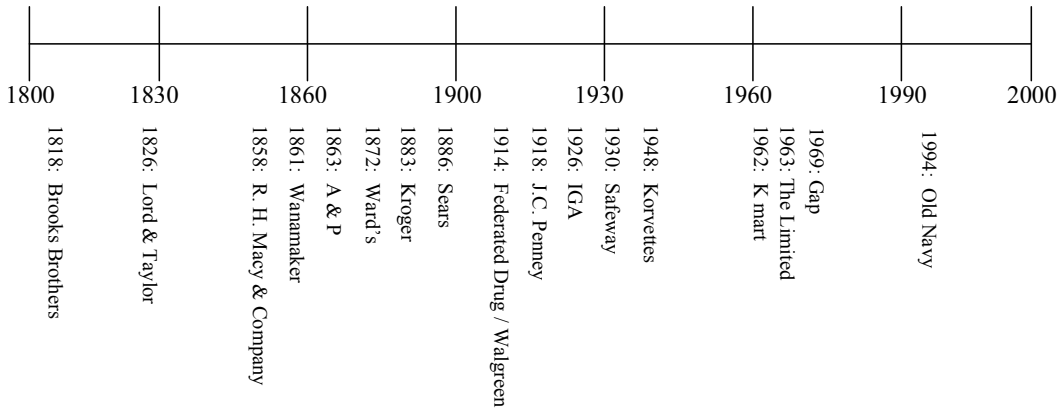

Figure 9: Private label timeline

Source: Bruer, 2005

Private label evolution is often cited through examples from the food and grocery industry, but apparel retailers and manufacturers were truly the initiators of the strategy (Fitzell, 1998; Kohl's, 1998; Mullick-Kanwar, 2004). The initial private label programs developed by Brooks Brothers, Lord & Taylor and Macy's were designed to offer consumer products that were considered a great value through high quality and fair prices, but were only available in exclusive locations. To ensure customer loyalty and name recognition, retailers began to trademark their products with symbols such as the Brooks Brothers' sheep suspended in ribbon and Macy's five-point red star (Fitzell, 1982). Such symbols according to Donath (1999) create relationships in the consumer's mind between the product and the brand [national brand[1] or private label]. However, the trademark is only successful in creating a

[1] National brands are defined as those that are not exclusive to a single channel or retailer (83).

brand when a relationship has been formed between the symbol and consumer ultimately resulting in economic gain.

Although greater selection is advantageous to the consumer, the national brand manufacturers did not welcome the increased competition. To ward off the opposition, national brand manufacturers began a campaign that alleged lower quality and poor value associated with private label product (Fitzell, 1982). Such negative connotations led consumers to associate private labels with inferior or 'cheap' generic products. Rather than fight the association, private labels began a "me-too" or knock-off positioning strategy that strived on the emulation of category leaders (Low & Fullerton, 1994; Mullick-Kanwar, 2004). As private label have evolved in the 21st century, however, there has been a major shift in paradigm. No longer must proprietary brands be viewed as inferior. Rather, they should be leveraged in such a way that consumers see benefits and values that are offered through an exclusive product and retailer. Such restricted access is hoped to ultimately evoke loyalty to the brand and retailer (Mullick-Kanwar, 2004).

Private Label Growth

Over the nearly 200-year lifespan of private label, the numbers, variety and retail channels associated with the strategy have greatly increased (Bianchi, 2003; Dunne and Narasimhan, 1999; Hoch, Montogomery & Park, 2002; Narasimhan & Wilcox, 1998; Unknown, 2003). As shown by Datamonitor (2000), private label growth is determined by retailers rather than manufacturers (see Figure 10).

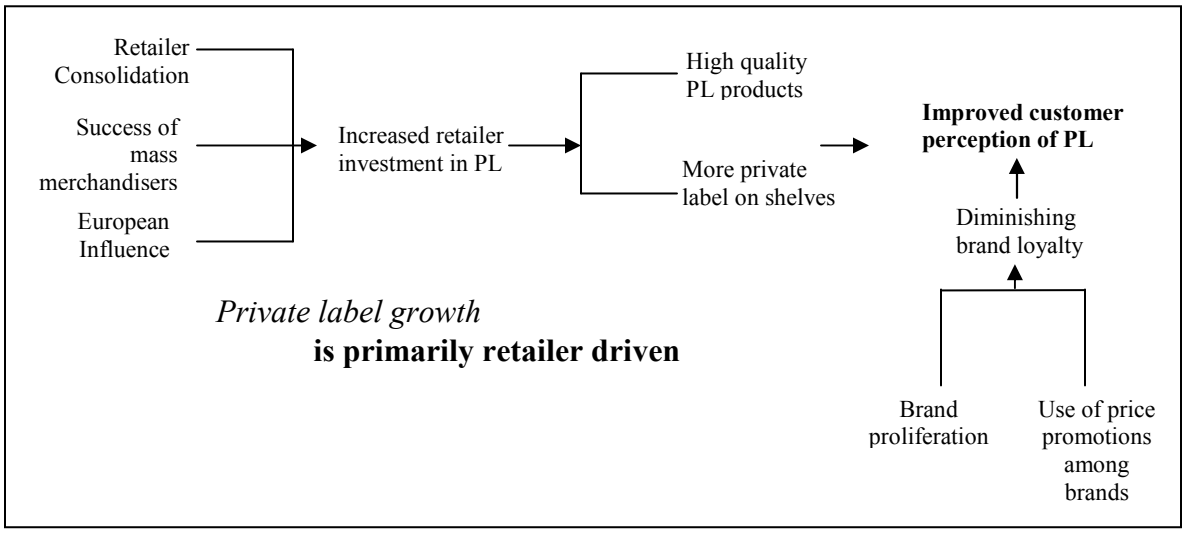

Figure 10: Growth of private label

Source: Datamonitor, 2000

According to 2003 data from the PLMA (PLMA, 2003), one in every five items sold in the U.S. is a private label. In a study of long-term growth trends of private label market shares (Hoch, Montogomery, & Park, 2002), it was found that between 1987-94, private label was the only brand category that consistently showed positive growth. Other findings that show the importance and growth of the private label market include:

- 86% of consumer goods categories trended upward (Hoch, Montogomery, & Park, 2002)
- the average annual percentage change for the top three national brands is -.020%, but private labels is +1.12% (Hoch, Motogomery, & Park, 2002)
- Wal*Mart is responsible for 75% of all private label growth in the U.S. (Pollack Associates, 2002)
- 61% of consumers say high-end apparel logos and labels are less important to them now than a few years ago (Branch, 2003)
- 90% of consumers are familiar with store brands and 83% say that they purchase these products on a regular basis (Unknown, 2003)
- sales of private label apparel in all retail channels was $58 billion in 2002 or 36% of the $163 billion total U.S. apparel market (Branch, 2003)

Private Label Brand Applications

Thus far private labels have been discussed in terms of their evolution and current existence with little application to the textile and apparel industry. This section focuses on specific examples of retailers that have implemented successful (and some not so successful) private strategies. Appendix I shows a list of the retailers discussed, the brands they represent and a synopsis of their current actions.

The first retailer, Kohl's, is a leader in mass merchandising and has until recently stressed the importance of only name brand products to consumers, as well as shareholders. As private label competition has increased, however, Kohl's has developed a successful line of apparel (stressing denim bottom) to compliment the assortments offered through their name brand assortments (Kohl's, 1998). Macy's, the next retailer cited has been successful with both home textile private labels, as well as apparel own brands. According to Branch (2003), the recent quality increases have led Federated (owner of Bloomingdale's and Macy's) to rethink their current offering and marketing strategy. They have seen great success with their own label products and hope to increase the percentage of private label merchandise it sells from 20% or more from about 16% currently (Branch, 2003; White, 2002,).

Although the exact percent of private labels being sold at Wal*Mart is not being divulged, it is estimated at 8% of total product (well below the 15-18% average of conventional supermarkets) (Pollack Associates, 2002). As the retailer expands into the private label business, they have made two strategic moves: 1) began acquisition of current brands such as White Cloud formerly owned by Procter & Gamble and 2) it has created a line that appeals to the growing and often over-looked teen market with the Mary Kate and

Ashley Olsen brand (Pollack Associates, 2002). This new growth is currently projected as 75% of total private label sales growth.

Target approached private label by acquiring the already established U.S. Mossimo name. The retailer has leveraged the brand from original use which was strictly for apparel to accessories, hair care and make-up (Target, 2003). Kmart's most popular branding strategy hinges on a domestic icon, Martha Stewart. The Stewart living line was an immediate success for Kmart's home product sales, but has suffered a recent downturn upon Stewart's arrest and incarceration (Amboz, 2002; Fine, 2003; SRI, 2002).

Much like Target's strategy, Sears has acquired two already established private label products – Lands' End and Structure. Thought Sears has attempted to develop their own line of private label softgoods, they have struggled to see financial returns. By acquiring two brands that have target customers that fit the demographics currently held by their hardgood customers, they have hoped to entice Sears appliance and tool loyalists to cross into the apparel arena (Agencies, 2003). Finally, J.C. Penney has been successful with private label products in both the home and apparel categories. With recent personalities such as Chris Madden and Colin Cowie, they hope to infuse life into home and wedding purchases. Their still thriving line of Arizona apparel products is currently one of the top 10 jeans on the market (Cardona, 2004; Glemet & Mira, 1993).

Private Label and the 5 "P's"

Retailers may choose to promote their private labels through a variety of brand strategies, but a general framework can be developed to explain private label strategy with

respect to national brands. Figure 11 shows how the five P's of marketing – price, product, place, promotion and people – are modified to benefit private labels.

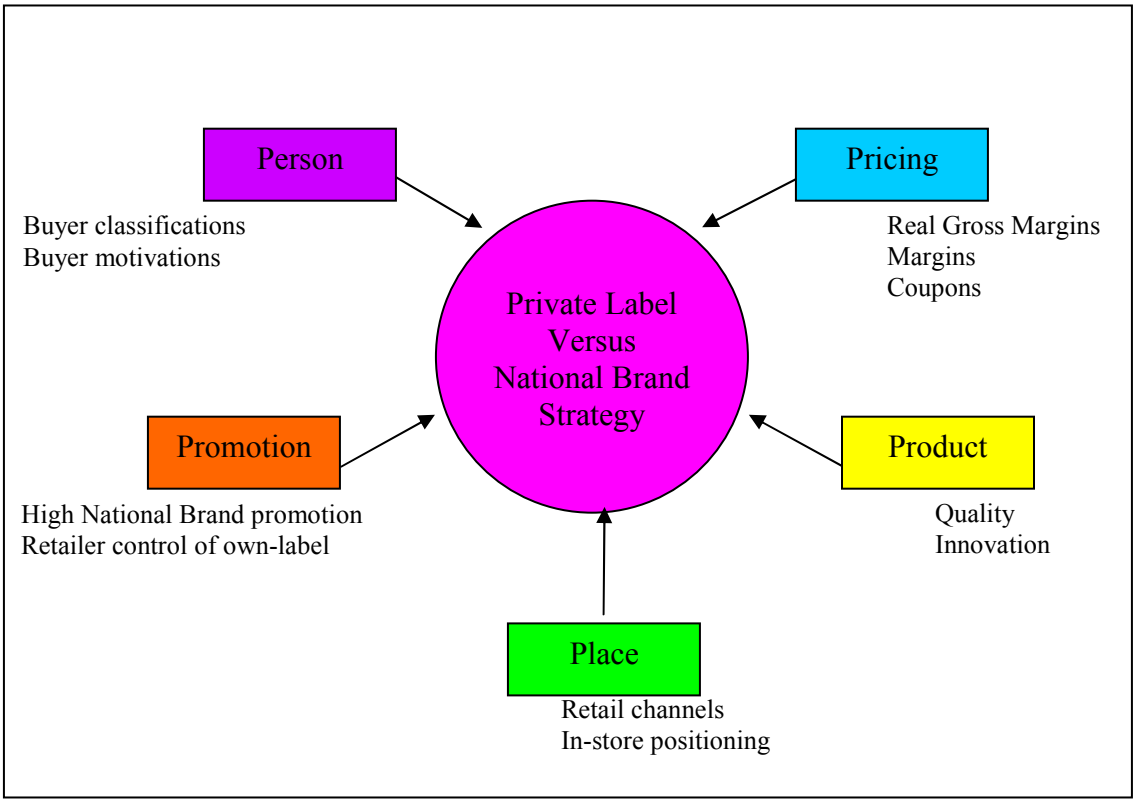

Figure 11: Private label strategy: The five p's of marketing

Source: Author, Bruer, 2005.

The first of the five P's listed above is *pricing*. Several factors play a role in pricing strategy for private label product. As mentioned in a previous section, private labels have evolved into a value-oriented product that is typically sold at a lower price than the national brand (on average 30% below), but earns the retailer significantly higher real gross margins (RGM) (Garretson, Fisher, & Burton, 2002; Narasimhan, 1988; Steiner, 2004). Margins are higher for retailers because the cost of product is lower, typically related to lower promotional costs (addressed in the promotion section), but are quite risky as the retailer

must take on the role and costs associated with marketing and design (Hoch, 1996). In addition to lower costs from less promotion, private labels are guaranteed full distribution, good shelf space and no slotting fees that typically drive the cost of national brands higher (Hoch,1996). The final reason for which private labels may be sold at a lower price than national brands is the rarity of in-store promotion or couponing. In order for many national brands to attract value conscious consumers, manufacturers offer price reductions or rebates upon purchase (Hoch, 1996).

Private label *product* quality and attributes is the next of the marketing strategies to review. Throughout the 1970s, it was thought that in order to offer good value to the consumer, it would come at the expense of quality. Today, when compared with national brands, there is significantly less discrepancy when comparing quality with proprietary brands (Hoch, 1996; Nandan and Dickerson, 1994; Sudhir and Talukdar, 2004). Additionally, many retailers are beginning to offer premium private label lines to further capitalize on the exclusivity of their distribution center and name (Crain, 2003; Heller, 2001; Salmon, and Cmar, 1987). Although many consumers find assurance in the well-known national brand, fewer are finding name brand products as appealing as they have in the past (Branch, 2003). Finally, retailers are no longer just making copies of the top national brands in their product categories, but are specializing innovation and the development of highly differentiated products (Harvey, Rothe & Lucas, 1998).

The *placement* in which the product is sold or the way it is positioned within the retail establishment, has become a means by which private label may succeed. Formerly prominent in value retail format, particularly grocery stores, private labels are now making strides in terms of recognition in high-end channels such as Macy's and Bloomingdale's

(Branch, 2003) and have become vital to the largest retailer in the world, Wal*Mart (Conti, 2003, Pollack Associates, 2002). These shifts in placement show that private label is no longer being kept out of a channel because of stigma. In addition to placement in new retail channels, retailers can gain additional benefit from added control over merchandise specification and sourcing. The brand can then be positioned throughout the store, creating recognition in various product categories with a single brand name (Morton & Zettlemeyer, 2004). Additionally, retailers have control of the placement of product on their shelves, as well as the placement of national brands (Hoch, 1996). This positions the retailer in such a way that the national brand manufacturer must negotiate for great concessions (Morton & Zettlemeyer, 2004).

Promotion was mentioned in the section on pricing, as reduced promotion of private label products gives the category a cost advantage over its national brand competitors and those lower costs can be passed on to consumers in the form of lower prices. Private labels are often promoted as lower price options. Such promotion is found to be far more consistent than national brand promotion that varies from retailer to retailer and product to product (Garretson, Fisher & Burton, 2002). It was found in a study by Garretson, Fisher and Burton (2002), however, that the purchase of national brand products gives a consumer greater satisfaction in their purchase and a more favorable self-perception. Finally, retailers have greater control of the promotion and positioning of the products that they manufacturer and retail themselves. They have greater control of the product size, shape, color and shelving, which paired with their proximity to the consumer gives them a great competitive advantage.

Finally the *person* targeted and the reason for which they choose to purchase private label or national brands is of particular interest when considering and determining the other

four factors associated with marketing. Consumers might be classified into a variety of different segments, four of which as labeled by Burger and Schott are "the deal prone consumer, the heavy user, new brand buyers, and private brand buyers" (Burger & Schott, 1972). The group might be further divided in terms of value-consciousness (Garretson, Fisher, & Burton, 2002; Myers, 1967), impulse buying versus loyalty (Rao, 1969) or upon education level (Nandan & Dickerson, 1994). These classifications are important as this study focuses on the level of brand loyalty associated with private labels and categories are created through the use of previous research and the current dataset.

From the strategy offered by the 5 "P's" of private label marketing, a firm has a variety of opportunities to create a successful brand. To analyze the potential success of a private label Hoch and Banerji (1993) offer a model presented in Figure 12. The model shows that product quality and consistency add to the likelihood of success, as do product sales and margins. Factors such as number of competitors and competitor promotional strategy, however, can cause a potential decline in success. Two additional models are depicted in Appendix J and K.

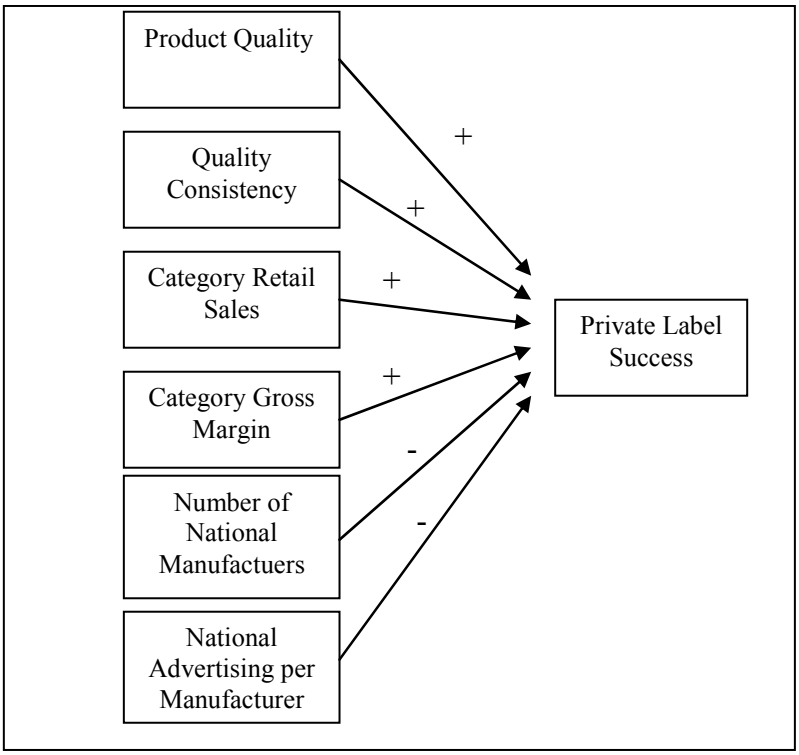

Figure 12: Major determinants of private label success

Source: Hoch S. and Banerji, S. (1993). When Do Private Labels Succeed? *Sloan Management Review*, Summer, 57-67.

Brand Loyalty

Thus far, the complex issues associated with competition in the textile and apparel industry have been discussed. Efforts to overcome these issues were then introduced through the use of Porter's strategy of competitive advantage, with special focus on differentiation and branding. The many efforts and research of academics and firms to develop branding techniques are not without purpose, but are driven by economic rewards gained through a successful strategy. Referring back to Figure 8, one of the four benefits associated with a strong brand that leads to brand equity is loyalty. This section will focus on the concept of brand loyalty, its development and economic effects on industry.

Brand Loyalty Defined

Brand loyalty, as defined by Chaudhuri and Holbrook (2001), is "a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand set purchasing, despite situational influences' and marketing efforts' having the potential to cause switching behavior" (p. 82). Jacoby and Chestnut (1978) provide a conceptual definition of brand loyalty using a set of six necessary and collectively sufficient conditions. These are that brand loyalty is (1) the biased (i.e. nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making, evaluative) processes (p. 80). The definitions of brand loyalty in the literature are numerous and vary considerably, but the commonality among them all is that there is a commitment by the consumer to the brand often reflected in their purchasing habits over time.

Economic Value of Brand Loyalty

Having a focus on brand loyalty rather than market share or short-term profits is a difficult strategy for firms as they are often forced to concentrate on shareholder approval. According to Reichheld, shareholders turn their stocks over at a rate of more than 50 percent per year causing firms to focus on financial alternatives that result in an attractive balance sheet rather than long-term success (1996, p. 4). Such efforts focusing on the investor often result in what are termed *destructive profits*, or those that do not come from value creation

but from exploiting assets. Table 7 shows a comparison of firm strategy when focusing on market share as opposed to brand loyalty.

Table 7: Increasing market share vs. brand loyalty

	Market Share Strategy	**Loyalty Strategy**
Goal	Buyer Switching	Buyer Loyalty
Market Condition	Low-growth or saturated markets	Low-growth or saturated markets
Focal Point	Competition	Customers
Measure of Success	Share of market relative to competition	Share of customer Customer retention rate

Source: Griffen, J. (1995). *Customer Loyalty*. New York: Lexington Books, p. 6.

Firms often find themselves in a highly saturated and extremely competitive market and thus must grow their profits by attracting customers from competitors or increasing their current customers' purchases. In the market share strategy, the firm will focus its efforts on enticing buyers to *switch* to their product or service, while the loyalty strategy strives to *retain* their current customers as well as attract new loyal customers. The estimate given by Reichheld is that a five percent improvement in customer retention rates will result in a 25 to 100 percent increase in profits (1996).

Lowenstein offers a customer loyalty pyramid that segments firms into three different categories – those that are satisfaction-base, performance-base or commitment-based (see Figure 13). The first category, satisfaction-based, constitute the majority of firms (75-80%). They are largely reactive in their actions toward customer demands. This firm aspires to meet customer needs by responding to complaints rather than addressing issues before they

arise. The firm has little understanding of the benefits associated with loyalty. The second category is the performance-based firm. This firm is seen as more progressive than the satisfaction-based firm in that they are more proactive to consumer wants. The final group, consisting of less than 5% of all firms, is commitment-based. Firms that fall under this category are extremely proactive in their customer orientation. They understand the merits associated with loyal customers and continuously evaluating their product or service in an effort to find ways to better satisfy their consumer.

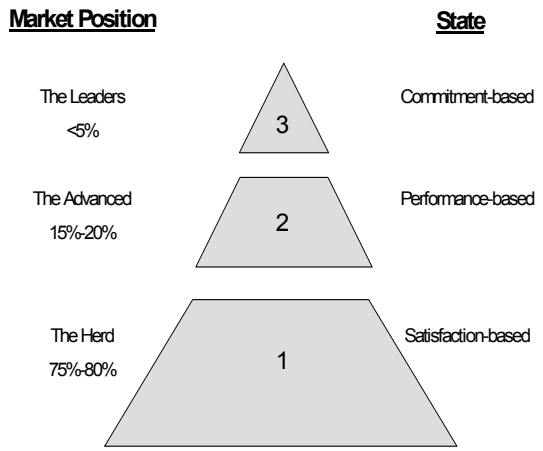

Figure 13: The customer loyalty pyramid

Source: Lowenstein, M. (1997). *The Customer Loyalty Pyramid*. Westport: Quorum Books, p. 8.

Such profitability is possible as committed or loyal customers are far more likely to stay with a brand longer as well as buy more often, buy more (range), spend more (less price sensitive), recommend more and consider competitors less (Hill & Alexander, 2000). Additionally, it is said that it takes significantly more money and resources to service and support a new customer compared to a longtime customer. According to Reichheld (1996), it costs a catalogue sales operation twice as much to service a new customer (one who has been with the company less than two years) as it does a longtime customer. This is likely due to

unfamiliarity with the product line, credit evaluations, and purchase frequency being high only at peak sales times. Griffin denotes a cost seven times greater associated with acquiring new customers than keeping existing ones (1995).

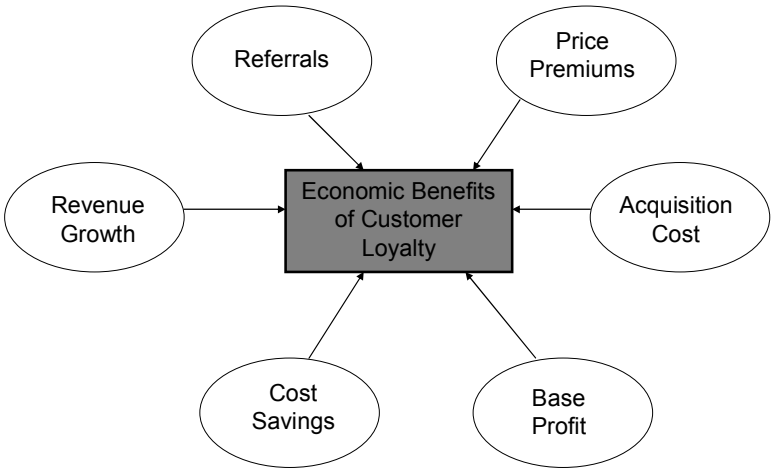

Figure 14: Economic Benefits of Customer Loyalty

Sources: Author (Bruer, S., 2005).
Riechheld, F. (1996). *The Loyalty Effect.* Boston: Harvard Business School Press.

Figure 14 depicts the six major areas of economic benefit associated with customer loyalty as noted by Reichheld (1996). The first benefit implies a lower amount of resources designated to the *acquisition* of new customers. Such costs include advertising directed to new customers, commissions on sales to new customers, opening new stores and the cost of loss-leaders used to draw new customers in. Next is the *base profit* associated with all customers. This profit is unaffected by time, loyalty or efficiency. It is the profit that you receive no matter how long the customer remains with the firm, but it increases considerably over the duration of the customer's stay with the firm. The operating *cost savings* associated with a long-term customer can be substantial as they are generally more knowledgeable

about the firm's product lines and services thus requiring less attention and resources. Per-customer *revenue growth* is another advantage of retaining a customer as their spending typically accelerates over time. The example offered in the text is for a customer who has repeatedly purchased shirts from a retailer and now begins to purchase other products such as shoes and slacks – over time, the customer becomes more familiar with the store's entire product line. *Referrals* can result in an increase in customer base as satisfied patrons reward the firm with recommendations to other perspective consumers. Last, *price premium* is a result of longtime customers as the do not require special introductory offers and are more likely to pay a premium for the brand and product they are comfortable and satisfied with. Figure 15 shows how firm's profitability increases as a customer's loyalty increases over the years.

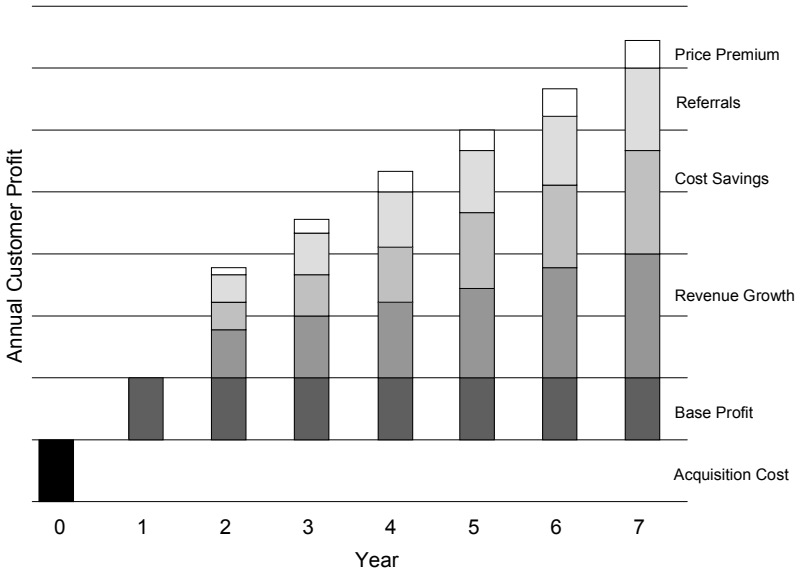

Figure 15: Why loyal customers are more profitable

Source: Riechheld, F. (1996). *The Loyalty Effect.* Boston: Harvard Business School Press.

In addition to Reichheld's economic implications of brand loyalty, Griffin (1995) suggests six ways in which a company will save money as a result of loyalty:

1) reduced marketing costs (customer acquisition costs require more dollars
2) lower transaction costs, such as contract negotiation and order processing
3) reduced customer turnover expenses (fewer lost customers to replace)
4) increased cross-selling success, leading to larger share of customers
5) more positive word of mouth; and, assuming loyal customers are satisfied,
6) reduced failure costs (reduction in rework, warranty claims, etc.)

Types of Loyalty

Loyalty to a product, service or brand is not the result of a single factor, but can be the result of attitudinal, situational and economic commitment. Hill and Alexander (2000) define five different types of loyalty, the reasons they exist and the level of attachment consumers have with the product/service/firm:

1) Monopoly Loyalty: customers have little or now choice (low degree of allegiance)
2) Cost of Change Loyalty: extreme expense or difficult is associated with switching to a different service provider or product (low degree of allegiance)
3) Incentivised Loyalty: firms attempt to reward customers for repeat business (low to medium allegiance)
4) Habitual Loyalty: a result of routine, cost or other factors making loyalty to a product or service convenient (low degree of allegiance)
5) Committed Loyalty: commands an emotional devotion through the delivery of value (high degree of allegiance)

Griffin makes note that *attachment* is a precursor of loyalty and is a result of two dimensions – product differentiation[2] and buyer preference[3]. After the degree of attachment is determined the next factor that influences loyalty is repeat patronage. The two matrices shown in Figure 16 depict where a customer might fall in terms of attachment and overall loyalty.

[2] Product differentiation is how significantly the customer distinguishes the product or service from alternatives (Griffin, 1995, p.21)
[3] Buyer preference is the extent of the customer's conviction about the product or service (Griffin, 1995, p. 21)

Product Differentiation

Buyer Preference	No	Yes
Strong	Low Attachment	Highest Attachment
Weak	Lowest Attachment	High Attachment

→

Repeat Purchase

Relative Attachment	High	Low
High	Premium Loyalty	Latent Loyalty
Low	Inertia Loyalty	No Loyalty

Figure 16: Relative attachment and loyalty

Source: Griffen, J. (1995). *Customer Loyalty*. New York: Lexington Books, pgs 21-23.

No loyalty, the first of Griffin's four classifications, occurs when a customer has no dedication or attachment to a product or brand. Inertia *loyalty* results from the customer that buys out of habit. He or she does not have any great level of satisfaction or dissatisfaction and would likely defect if given a reason such as a superior alternative product or price difference. The likelihood of *latent loyal* customers purchasing repeatedly depends upon situational effects as opposed to attitudinal influences. An example would be a customer who prefers a particular brand of jeans, but because he/she does not live near a store that carries this product and alternative is chosen. Finally, *premium loyal* customers have a high level of attachment and repeatedly purchase a product making them the most attractive client for a firm to pursue (1995).

Yoon and Kim (2000) researched brand ("maker") loyalty of automobiles in the Korean market. They classified their consumers into four categories depending on their purchasing behavior (repeat or switching) and disconfirmation (positive or negative). Disconfirmation of expectations of the brand/product means that the consumer either found the product/service to meet their expectations (negative disconfirmation) or they did not (positive disconfirmation). Figure 17 shows the matrix developed in the study.

Maker Loyalty	Positive Disconfirmation	Negative Disconfirmation
Repeat Purchase	Loyal •Situational & normative variables important	Spurious Loyal •Situational variables important
Switching	Latent Loyal •Normative variables important	No Loyal •Situational & normative variables unimportant

Figure 17: Classification of loyalty relative to positive/negative disconfirmation

Source: Yoon, S. & Kim, J. (2000). An Empirical Validation of a Loyalty Model Based on Expectation Disconfirmation. *Journal of Consumer Marketing* (17/2), p. 124.

The four classifications of loyalty and their characteristics include:

1) Spurious Loyal: This customer is loyal to the brand and is prone to purchases when situational variables such as special promotions occur.
2) Latent Loyal: This customer is satisfied with their current brand, however, seeks alternatives and is often swayed by peers and the media. He or she is influenced by normative variables such as image and other people's perceptions.
3) Loyal: Loyal consumers take into account both normative and situational variables when determining their degree of loyalty to a product.
4) No Loyal: Customers that have no loyalty to a brand are prone to switching as sales incentives are made by alternative makers.

Levels of Loyalty

In addition to the various types of loyalty that exist, there are also numerous levels at which a consumer might be depending upon their commitment and the rationale behind their purchase. Figure 18 depicts the loyalty pyramid introduced by Hill and Alexander (2000).

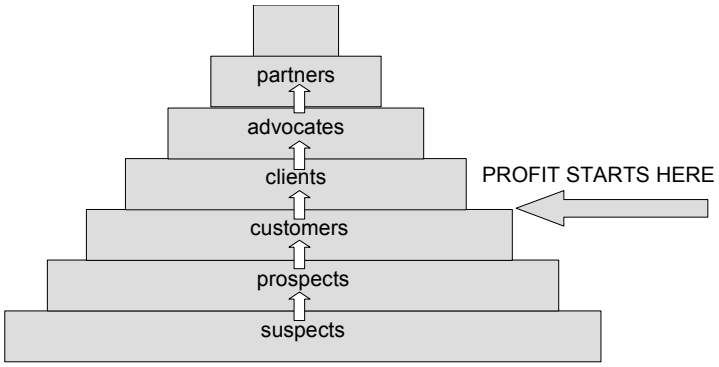

Figure 18: The loyalty pyramid

Source: Hill, N. & Alexander, J. (2000). *Handbook of Customer Satisfaction and Loyalty Measurement (2nd ed.)*. Burlington: Gower, p. 16.

The six stages through which a potential consumer may progress on his/her way to being a loyal customer:

> *Suspects*: Include all the buyers of the product/service category in the marketplace. Suspects are either unaware the firm's product offerings or have no inclination to purchase it.
> *Prospects*: Potential customers who have some attraction toward the organization but have not yet taken the step of doing business with the firm.
> *Customers*: One-off purchasers of your product (although the segment may include some repeat buyers) who have no real feelings of affinity toward the firm.
> *Clients*: Repeat customers who have positive feelings of attachment towards the organization but whose support is passive rather than active, apart from making purchases.
> *Advocates*: Clients who actively support your organization by recommending it to others.
> *Partners*: The strongest form of customer-supplier relationship which is sustained because both parties see partnership as mutually beneficial. (2000, p. 16)

Hill and Alexander also show the results of a marketing survey in which they compare a company with a customer loyalty focus (our customers) and that which focuses on market share (Competitors' customers). Figure 19 shows how a consumer can be ranked from available to faithful.

	Our customers	Competitors' customers
FAITHFUL	Strongly loyal, rate our performance highly, little interest in competition	Strongly loyal, rate competitor highly, little interest in us
VULNERABLE	Apparently loyal customers but high level of inertia or some interest in competitors	Repeat buyers with competitors but little positive loyalty and some interest in us
FLIRTATIOUS	Little positive loyalty, actively interested in alternatives	Little loyalty to competitors, may be receptive to our advances
AVAILABLE	Customers showing a strong preference for alternative suppliers	Competitors' customers who already rate us as superior to their existing supplier

Figure 19: Loyalty segments from a market standing survey

Source: Hill, N. & Alexander, J. (2000). *Handbook of Customer Satisfaction and Loyalty Measurement (2nd ed.)*. Burlington: Gower, p. 219.

Similar to Hill and Alexander's six classifications, Griffin (1995) creates a continuum of customer loyalty in which there are seven different levels – suspect, prospect, disqualified prospect, first time customer, repeat customer, client and advocate. Figure 20 shows the degree of service and marketing required by the consumer at each different level, as well as the product knowledge and profitability associated with the varying consumers. A full description of each customer category is given in Appendix L.

Customer Stage	Suspect/ Prospect	First-Time Buyer	Repeat Customer	Client	Advocate
Customer/ Account Profitability	Little to None		More		Greatest
Marketing/ Selling Objective	Attraction	Transaction	Develop Relationship	Broaden Relationship	Leverage Relationship
Marketing/ Selling Strategy	Sell Benefits	Deliver on Benefits Promised	Provide Increasing Value Through Service and Support	Provide Value Beyond Product or Service	Provide Value and Get Clients to Sell for You
Cost of Marketing/ Selling	More				Less
Knowledge of Customer Buying Preference	Little		More		Greatest

Figure 20: The evolution of customer loyalty

Source: Griffen, J. (1995). *Customer Loyalty*. New York: Lexington Books, p. 221.

Measures of Brand Loyalty

Brand loyalty measures can be classified into two broad areas – attitudinal and behavioral (Griffin, 1995; Hill & Alexander, 2000; Jacoby & Chestnut, 1978; Raj, 1982; Rundle-Theile & Mackay, 2001). Attitudinal loyalty is derived from statements of preference or likely behavior where behavioral loyalty is drawn from an overt act or actual past behavior. As this study will use behavioral data further discussed in chapter 3, the attitudinal measures will not be considered in-depth.

Behavioral loyalty can be further broken down into 5 classifications[4] (Jacoby & Chestnut, 1978):

1) Proportion-of-Purchase Measures: Brand loyalty is determined by the proportion of purchases devoted to a given brand or brands

[4] This research will employ classifications one, four and five.

2) Sequence-of-Purchase Measures: Brand loyalty is determined by the order in which the product brands are purchased
3) Probability-of-Purchase Measures: Brand loyalty is determined by the probability a consumer will purchase a brand or has purchased brands in the past
4) Synthesis Measures: Brand loyalty is evaluated through a combination of measures
5) Miscellaneous Measures: Brand loyalty is evaluated in ways that apply to specific data sets and industries

Appendix M shows a table of various measures that fall under each of the six categories along with specific descriptions and uses of each measure.

Supply Chain and Cost Management

The textile and apparel supply chain is quite complex making product and cost management difficult. The successful management of a firm's supply chain in its overall profitability is imperative as the supply chain represents 60-80% of a typical company's cost structure and a 10% reduction can result in a 40-50% improvement in pretax profits (Wood, 1997). Challenges faced by the textile and apparel supply chain include (Bruce, et al., 2004; Lowson, 2003):

- globalization;
- offshore sourcing;
- short product lifecycles;
- high product volatility;
- low predictability;
- inability to predict customer demand;
- primary and secondary tier manufacturer reliability/quality (especially offshore);
- high impulse purchases;
- logistical system reliability;
- complexity in the manufacturing supply process; and
- inaccuracies in point of sale data or bar codes

As the industrial challenges continue to accumulate, manufacturers and retailers have made efforts to better forecast demand, monitor inventory, reduce costs associated with carrying

merchandise and become more responsive to consumer demands. This section will focus on the issues associated with the textile and apparel supply chain, current strategies used to overcome supply and demand problems and the benefits accrued by successful methods.

Supply Chain Management

Supply chain[5] management (SCM) is described by Lambert et al. (1998) as a process of planning, executing and controlling the interdependencies of activities carried out by different supply chain members or business units in order to create value for the end customer. Figure 21 illustrates a traditional supply chain.

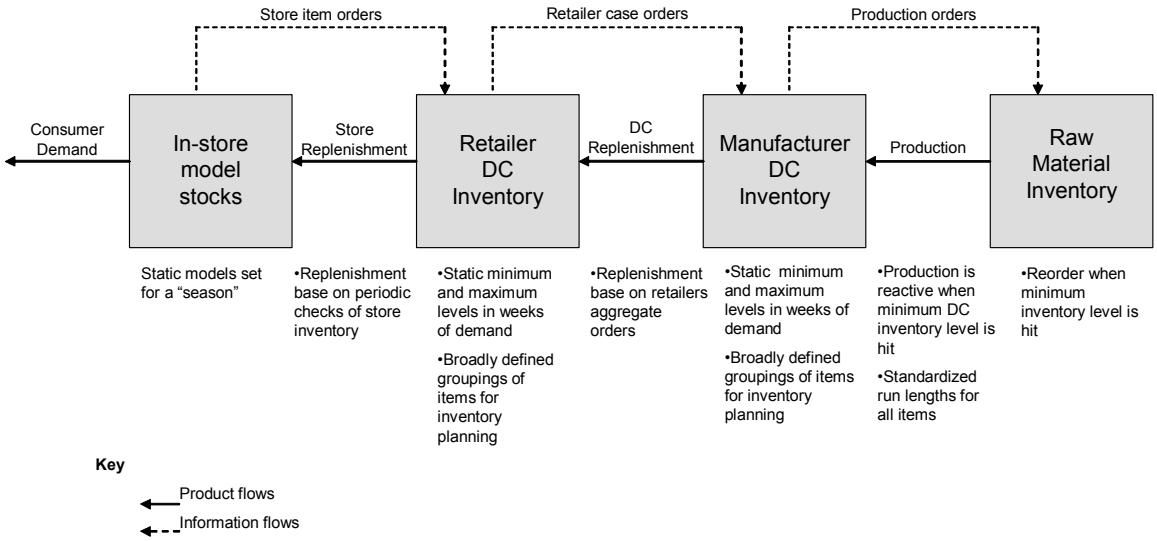

Figure 21: Traditional supply chain

Source: Sabath, R. (1998). "Volatile demand calls for quick response: The integrated supply chain," *International Journal of Physical Distribution and Logistics Management*, Vol. 28, No. 9/10, pp. 698-703.

[5] The supply chain is described as the processes from the initial raw materials to the ultimate consumption of the finished product linking across supplier-user companies; and the functions within and outside a company that enable the value chain to make products and provide services to the customer (Cox, et al., 1995). Lummus, et al. states that the supply chain links all of the partners in the chain including departments within an organization and the external partners including suppliers, carriers, third-party companies, and information systems providers. It encompasses the processes necessary to create, source, make to and deliver demand (2001, p. 428)

Power (2005) states that the four functions of a supply chain include planning, purchasing, manufacturing and distribution and within those function three components should exist - information systems (management of information and financial flows), inventory management (management of product and material flows), and supply chain relationships (management or relationships between trading partners). If any of the functions are not coordinated it is likely that their overall performance will reflect the inadequacies. Consequences of poor organization include higher inventory costs, longer delivery times, higher transportation costs, higher levels of loss and damage and lowered customer service (Lee et al, 1997; Simatupang et al., 2002).

Interest in the supply chain has grown as a result of such consequences as well as a number of industry trends:

1. Specialization. Companies have become less vertically integrated and therefore must source product (Lummus, et al., 1999)
2. Globalization. Firms have a larger number of suppliers from which they can source their product (Lummus, et al., 1999)
3. Optimization of one department leads to less performance for the company as a whole (Lummus, et al., 1999)
4. Inability to react to new demand trends (Sabath, 1998)
5. Treatment of all items in a similar way (Sabath, 1998)
6. Greater lead-time demands by both consumers and retailers (Martin, et al., 2004)
7. Lowering of tariff and non-tariff barriers (Power, 2005)
8. Increasing dynamism – little knowledge of what will change, how quickly or when it might change or how severe these modifications in demand or technology might be (Power, 2005)

Problems in the Supply Chain

In the traditional supply chain model shown in Figure 21, Sabath explains that problems may result because as you progress further downstream in the pipeline, volatility of

demand increases and forecast accuracy decreases. Consequently, manufacturers end up holding excess inventory in some categories while being stocked out of others. Another reason for supply chain inefficiency is offered by Hill (2000) who suggests that the practices of "forward buying" or purchasing large quantities of product to take advantage of economies of scale creates excess inventory. He estimates that these actions may result in as much as 50 percent of distribution inventories.

Another key reason for issues in the supply chain is what is known as the bullwhip effect (see Figure 22). Defined by Chen et al. (2000, p.269) "this phenomenon states that the demand process seen by a given stage of a supply chain becomes more variable as we move up the supply chain (i.e. as one moves away from customer demand). In other words, the orders seen by the upstream stages of a supply chain are more variable than the orders seen by the downstream stages." The bullwhip effect is basically caused by variability in ordering or more specifically, by variability in demand forecasting, order batching, price fluctuations and rationing game (Yu, et al., 2001). Symptoms of the bullwhip effect include excessive inventories, low customer service levels, inaccurate and untimely capacity planning, lost income, increased transportation costs and ineffective production scheduling (Lee, et al., 1997).

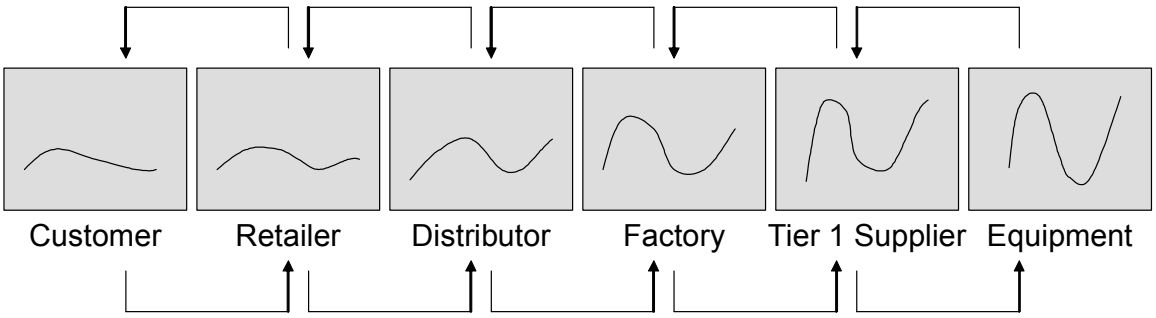

Figure 22: The bullwhip effect - Volatility amplification in the supply chain

Source: Merit-Tex, Retrieved 2005

Additional issues in supply chain management include (Lummus, et al., 1999):

1. Lack of guidelines for creating alliances with supply chain partners
2. Failure to develop measure for monitoring alliances
3. Inability to broaden the supply chain vision beyond procurement or product distribution to encompass larger business processes
4. Inability to integrate the company's internal procedures
5. Lack of trust inside and outside a company
6. Organizational resistance to the concept
7. Lack of buy-in by top managers
8. Lack of integrated information systems and electronic commerce linking firms

Supply Chain Integration

In order to overcome supply chain management issues, it is necessary to integrate the pipeline or quit acting as separate entities and begin working as one. Power (2005) and Akkermans et al., (1999) found that integration is characterized by cooperation, collaboration, information sharing, trust, partnerships, shared technology, and a shift away from managing individual functional processes, to managing an integrated chain of processes. Figure 23 shows how an integrated supply chain might work including the four

main areas in which coordination must take place to be successful and Figure 24 shows the performance improvements that would likely result (Simatupang, et al., 2002).

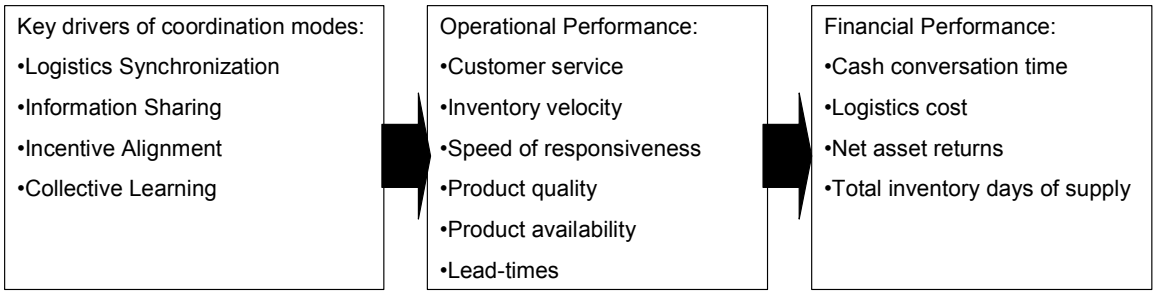

Figure 23: Supply chain integration and performance

Source: Simatupang, et al. (2003)., "The knowledge of coordination for supply chain integration," *Business Process Management*, Vol. 8, No. 3, pp. 289-308.

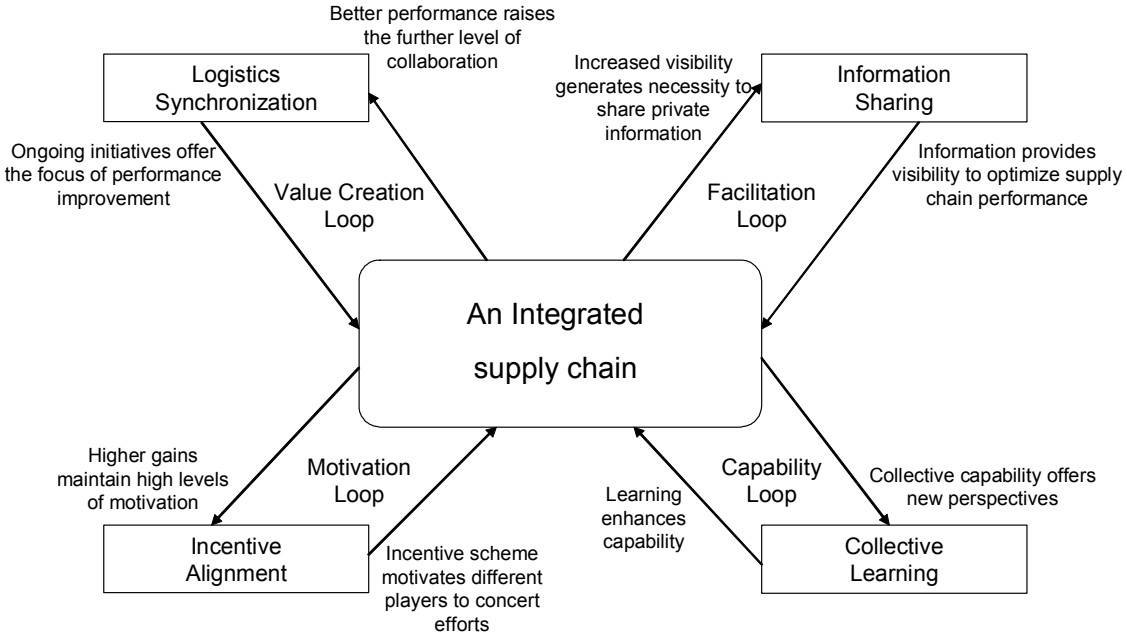

Figure 24: Integrated Supply Chain

Source: Simatupang, et al. (2003)., "The knowledge of coordination for supply chain integration," *Business Process Management*, Vol. 8, No. 3, pp. 289-308.

Perhaps the most important aspect of an integrated supply chain is information sharing. If firms are unwilling to openly divulge data about their firm then it is impossible to coordinate the three other areas. As Yu et al. explains, each supply chain member has perfect information about itself, but uncertainties arise as a result of information about other members (2001). By reducing these uncertainties it would then be able to diminish forecasting uncertainties and the bullwhip effect.

Successful supply chain integration, however, has been difficult to achieve as a result of (Chan, et al., 2003):

1. the lack of visibility of true customer demand
2. a collaborative relationships involved joint decision making
3. a danger of unfair distribution costs and benefits
4. inequality of power between organizations

Jennings cites the problems associated with supply chain management as having increased with the rise globalization and outsourcing (2002). In terms of negative aspects of outsourcing, it is possible for the firm to lose control of their skills and knowledge. Often it is necessary to share some of the firm's trade practices, production techniques and customer knowledge in order to have an outside facility take over production. Such transfer of key information could lead to creating a competitor out of a supply. An apparel example is the relationship of Gap and Levi – before Gap began production of their own store brand product they sold Levi jeans, thus enabling them to learn how Levi constructed their product and ran their business (Jennings, 2002).

Quick Response

An important aspect of supply chain management is quick response (QR). QR is defined by Lummus, et al. (2001) as "a partnership where retailers and suppliers work

together to respond more quickly to consumer needs by sharing information. In order to successfully implement a QR system the supply chain must be responsive and integrated, possess smaller initial inventories, have bar-coding system and point-of-sale[6] (POS) tracking, be equipped with electronic data interchange[7] (EDI), continually be able to re-estimate customer demand and be able to frequently reorder merchandise with short order-to-delivery times (Al-Zubaidi & Tyler, 2004). Benefits of a QR systems include: decreased lead times, increased market share, reduced inventory levels, enhanced customer loyalty, increased profits, reduced markdowns, improved flexibility to meet changing market demand, increased return-on-assets, reduced work-in-progress, improved productivity, and lower costs (Ko, et al., 2000).

Performance Measures

The ability to measure whether or not a supply chain is successful is a difficult, yet important task as it is hard to motivate management to employ systems such as QR and EDI if they cannot verify their merit. Chan et. al suggest qualitative and quantitative measures of supply chain performance (2003):

Qualitative
Customer satisfaction
Flexibility
Information and material flow integration
Effective risk management
Supplier performance

[6] Point of Sale (POS) is a scanning system used to transfer sales information rapidly to distributors and manufacturers (Lummus, et al., 2001)
[7] Electronic Data Interchange (EDI) is the exchange of POS data between distributors and manufacturers (Lummus, et al., 2001)

Quantitative

Cost minimization Sales maximization Inventory investment minimization Return on investment maximization	Cost measures
Fill rate maximization Product lateness minimization Customer response time minimization Lead time minimization Function duplication minimization	Customer responsiveness measures
Capacity utilization maximization	Productivity measures

Imperativeness of the Supply Chain in Textile and Apparel Applications

As global competitiveness in the textile and apparel industry has continued to increase the opportunities associated with outsourcing have been extensively examined. The first, and most obvious, opportunity is cost reductions. Lankford and Parsa (1999) suggest that outsourcing offers an average of 15-25 percent cost savings, however, this perspective was challenged by Embleton and Wright (1998) who state that average savings are near 9 percent and often are reduced to where the firm will hardly break even or may even lose money. Additionally, Jennings (2002) suggests outsourcing offers benefits such as access to superior quality (can source with those individuals who are experts in the production of a certain product), flexibility (not constrained by the firm's internal production capabilities and expertise), focus, leverage and diversification (the firm can focus on management, innovation or customer service as opposed to all areas of the business including production). Figure 25 shows factors that may be considered when a firm decides whether producing or purchasing will result in a superior competitive advantage.

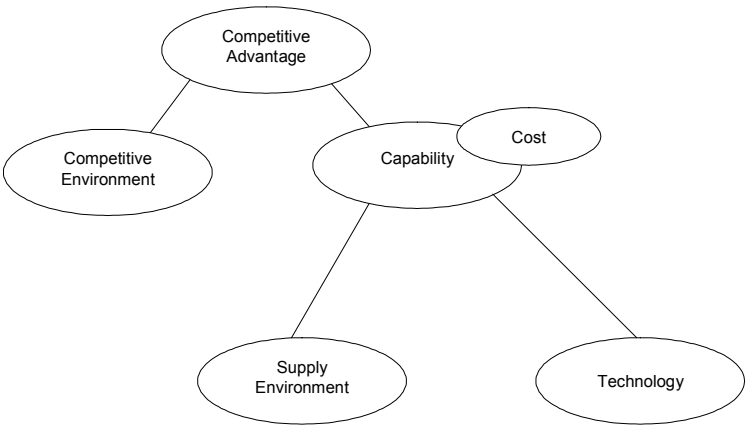

Figure 25: The Outsourcing Decision

Source: Jennings, D. (2002). "Strategic sourcing: benefits, problems and a contextual model," *Management Decision*, 40(1), 26-34.

Whether a firm decides to make or buy their product (and in the textile and apparel industry, firms have increasingly chosen to buy/outsource), it is necessary to have a well-functioning supply chain. The industry was one of the first to research inefficiencies by hiring Kurt Salmon Associates in 1984 to conduct a supply chain analysis. The results showed that in order to move a garment through the system from raw materials to consumer it would take on average 66 weeks, 40 weeks of which were spent in transit or warehouses (Lummus, et al., 2001). Such inefficiencies meant that firms had monies tied up in inventories, as well as troubles getting merchandise to consumers in a timely manner, thus losing sales and decreasing profitability. A direct result of this study was the development of the Quick Response strategy mentioned earlier.

QR in the textile and apparel industry is of great importance as the demand of fashion items[8] are merely forecasts (made many months in advance) that often result in stock outs or excess inventory[9]. By implementing a quick response system it is possible for apparel manufacturers and retailers to increase sales volumes, reduce mark-downs, reduce stock-outs, reduce costs and prices, create greater price validity at retail and improve financial performance (Al-Zubaidi, et al., 2004). Table 8 shows the primary focus and management philosophies of each member of the textile sector.

Table 8: Textile sector management philosophy

Textile sector	Primary focus	Production planning and control philosophy
Retailer	High customer service by maintaining reduced levels of inventories	Economic order quantity and reorder point
Apparel	Effective co-ordination of materials component and labor needs	Materials requirement planning; quick response
Textile	Minimization of set-up times and inventories; high capacity utilization	Just-in-time; economic order quantity
Fiber	High utilization of installed capacity	Multi-stage economic order quantity and reorder point

Source: Chandra, C. and Kumar, S. (2001). "Taxonomy of inventory policies for supply-chain effectiveness," *International Journal of Retail & Distribution Management*, Vol. 29, No. 4, pp. 164-175.

Although the benefits are noteworthy, industry has been slow to implement QR systems (according to Kurt Salmon Associates in 1992, less then 40 percent of retailers had adopted

[8] Fashion goods are those that are replaced more than four times a year. Fashion items are steadily increasing their share of the market at the expense of both season (replace 2-3 times a year) or basic goods as the consumer demands greater variety and more frequent changes.
[9] Fashion markets are unique in that they have shorter life-cycles, higher levels of volatility, lower levels of unpredictability and higher levels of impulse purchasing (Christopher, et al., 2004).

since 1986 (Ko, et al., 2000)) because of the difficulty in creating such a trusting relationship with pipeline members, the difficulty of assessing the rewards of QR, the costliness of the system and the difficulty in interpreting POS data (Al-Aubaidi, et al., 2004).

Christopher et al., state that a successful QR system is capable of cutting lead times to approximately one-third of their traditional length (2004). Stalk and Hout (1990) found that reducing lead times by 50 percent results in a 50 percent reduction in forecast error (see Figure 26 for depiction of cost savings from decreased lead times).

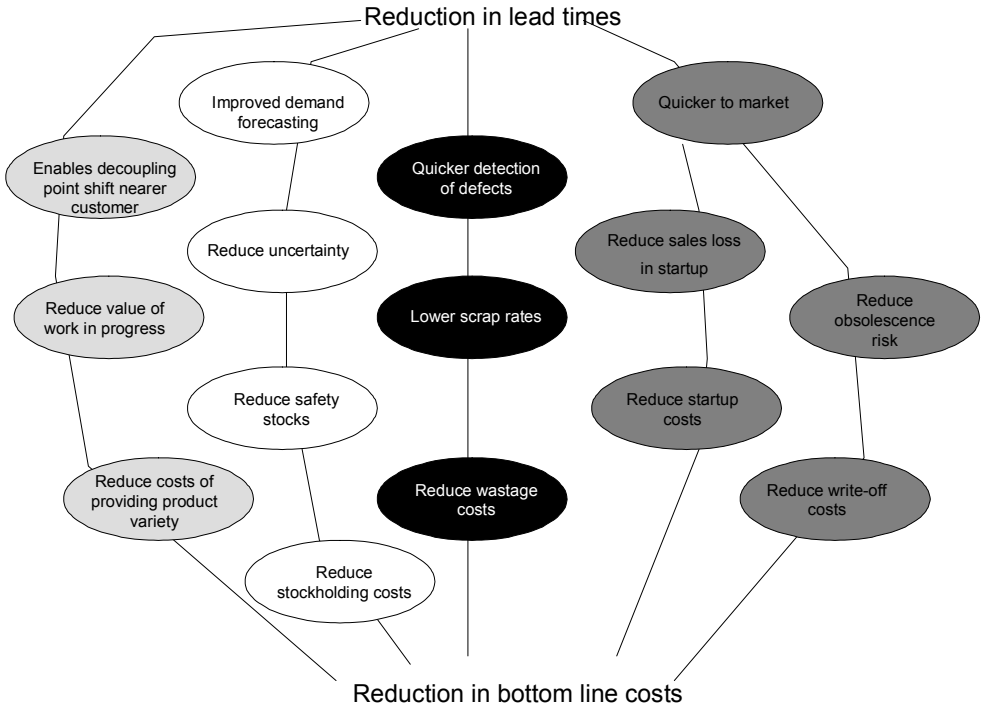

Figure 26: Performance results of lead time compression

Source: Towill, D. (1996). "Time compression and supply chain management – a guided tour," *Supply Chain Management*, Vol. 1, No. 1, pp. 15-27.

Lead times are especially important with fashion items as the demand has such a short lifespan. In the apparel market lead times fall into one of three categories (Christopher et al., 2004):

1. Time-to-market – how long it takes the business to recognize a market opportunity and to translate this into a product or service and to bring it to the market
2. Time-to-serve – how long does it take to capture a customer's order and to deliver the product to the retail customer's satisfaction
3. Time-to-react – how long does it take to adjust the output of the business in response to volatile demand?

Figure 27 shows a textile and apparel supply chain with the areas in which lead times must be given for orders and where inventories are accumulated to meet customer demand.

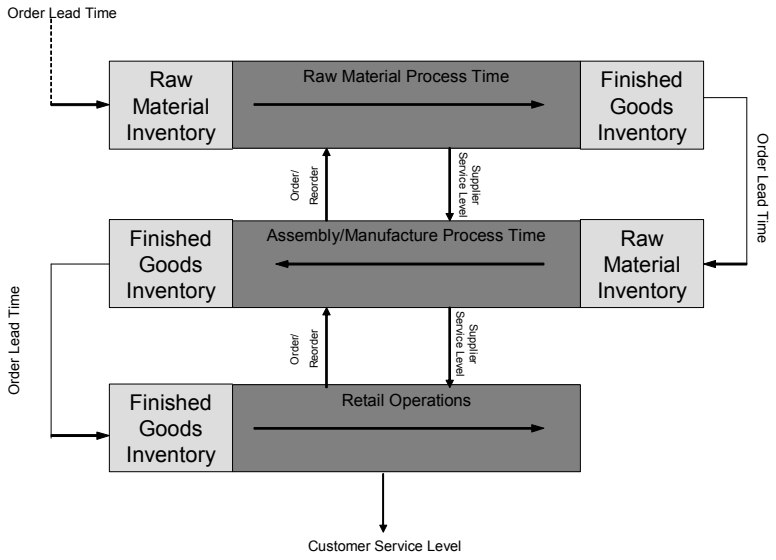

Figure 27: Interaction and lead times in an apparel supply network

Source: Lowson, R. (2003). "Apparel sourcing: assessing the true operational cost," *International Journal of Clothing Science and Technology*, Vol. 15, No. 5, pp. 335-345.

The inventories potentially accrued at each stage of the supply chain and their descriptions are given in Table 9 and the type of build-up that might occur is given in Table 10.

Table 9: Apparel inventory classifications

Cycle Stock	Inventory-on-hand due to batches of production created on account of: 1. economies of scale 2. manufacturing process requirements, and 3. process flow management
Work-in-process	Inventory-on-hand due to an assembly line or multi-level (echelon) distribution system
Decoupling stock	Inventory due to a warehousing (stocking) policy
Safety Stock	Inventory-on-hand to extend customer service
Anticipation inventories	Inventory-on-hand due to anticipated seasonality of demand or supply

Source: Chandra, C. & Kumar, S. (2001). "Taxonomy of inventory policies for supply-chain effectiveness," *International Journal of Retail & Distribution Management*, Vol. 29, No. 4, pp. 164-175.

Table 10: Inventory build-up by sector

Retailer	Safety stock; anticipation inventories
Apparel	Anticipation inventories; work-in-process
Textile	Cycle stock; work-in-process; decoupling stock (Greige goods)
Fiber	Cycle stock; work-in-process

Source: Chandra, C. & Kumar, S. (2001). "Taxonomy of inventory policies for supply-chain effectiveness," *International Journal of Retail & Distribution Management*, Vol. 29, No. 4, pp. 164-175.

Denim Jean Market

With its non-discriminative nature, denim bridges the societal gaps of age, gender, ethnicity, size and income. Denim's popularity has created such demand in the marketplace that it currently represents 1 in 5 lbs. of cotton being sold at the retail level (Cotton Incorporated, 2005). According to STS Market Research, 72% of all denim sold in 2003 was in the form of jeans. With denim jeans accounting for over 14% of total apparel sales, or $11 billion, its importance to the overall apparel market is apparent (Cotton Incorporated, 2005).

As denim jeans have seen a rise in popularity over the 130 years since their inception (see Figure 28 for a timeline of the evolution of denim jeans), there has also been a proliferation of styles, colors, and as will be focused on in this section, *brands*.

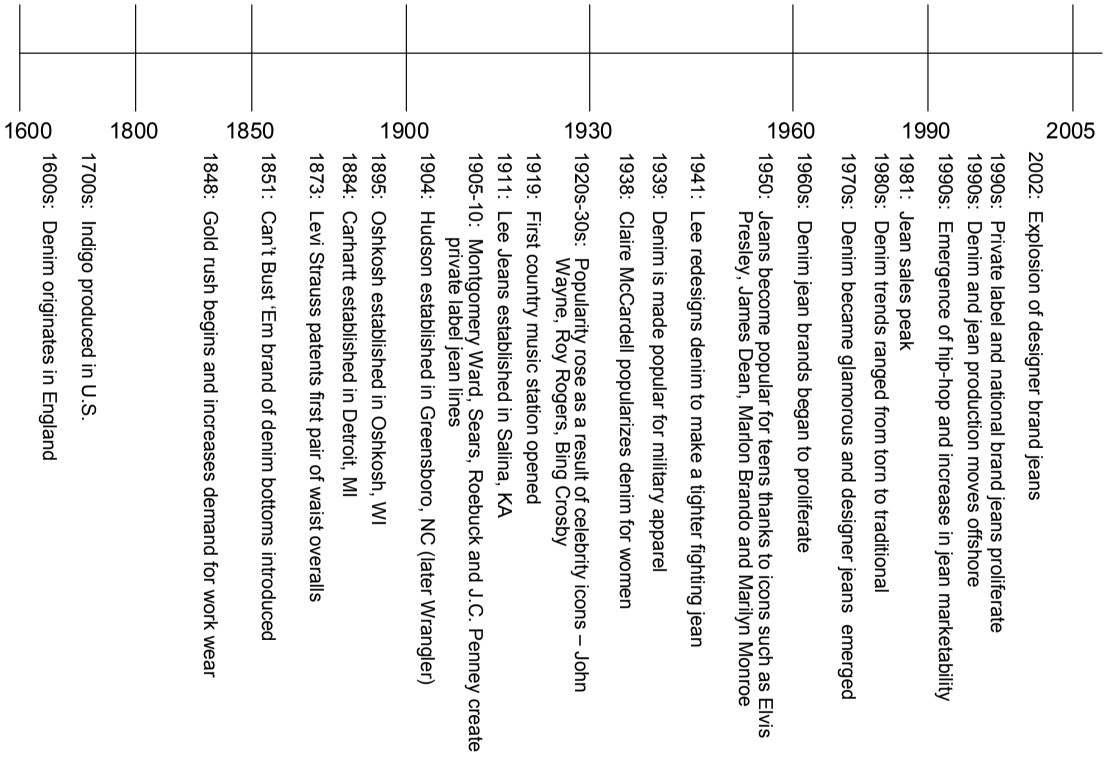

Figure 28: Evolution of denim jeans

Source: Author (Bruer, S., 2005)

Denim Jean Brands

As was seen in the private label timeline, the brand category was introduced to the apparel industry in 1818 by Brooks Brothers, but became prominent in the denim jean industry between 1905 and 1910 as Montgomery Ward, Sears and J.C. Penney all launched

their own lines. Retailers have continued to mix private label and national brand denim jeans within their outlets and Figure 29 shows the top 20 denim jean brands according to sales volume from 2001-2005:

	2001	2002	2003
1	LS&Co. - Levi's	LS&Co. - Levi's	LS&Co. - Levi's
2	VF-Wrangler	VF-Wrangler	VF-Wrangler
3	Wal-Mart Priv. Label - Faded Glory	Old Navy (Gap) Priv. Label	Old Navy (Gap) Priv. Label
4	Old Navy (Gap) Priv. Label	Wal-Mart Priv. Label - Faded Glory	Gap Priv. Label
5	Gap Priv. Label	Gap Priv. Label	Wal-Mart Priv. Label - Faded Glory
6	VF-Lee	VF-Lee	VF-Lee
7	Tommy Hilfiger	Tommy Hilfiger	VF-Riders
8	VF-Rustler	Kmart Priv. Label - Route 66	VF-Rustler
9	VF-Riders	VF-Riders	Tommy Hilfiger
10	Kmart Priv. Label - Route 66	VF-Rustler	Ralph Lauren
11	Ralph Lauren	Calvin Klein	Kmart Priv. Label - Route 66
12	Calvin Klein	Ralph Lauren	Express (Limited) Priv. Label
13	Lei	Express (Limited) Priv. Label	JCPenney Priv. Label - Arizona Jean Company
14	JCPenney Priv. Label - Arizona Jean Company	Lei	Calvin Klein
15	Express (Limited) Priv. Label	JCPenney Priv. Label - Arizona Jean Company	Lei
16	Guess	Guess	Lane Bryant Priv. Label
17	Hanes - Just My Size	Target Priv. Label - Cherokee	Guess
18	Jordache	Abercrombie & Fitch Priv. Label	Bill Blass
19	JCPenney Priv. Label - St. John's Bay	Hanes - Just My Size	Kohl's Priv. Label
20	Eddie Bauer (Spiegel) Priv. Label	Lane Bryant Priv. Label	Hanes - Just My Size

2004	2005
LS&Co. - Levi's	LS&Co. - Levi's
VF-Wrangler	VF-Wrangler
Old Navy (Gap) Priv. Label	Old Navy (Gap) Priv. Label
Gap Priv. Label	Gap Priv. Label
VF-Lee	Wal-Mart Priv. Label - Faded Glory
Wal-Mart Priv. Label - Faded Glory	VF-Lee
VF-Riders	VF-Riders
JCPenney Priv. Label - Arizona Jean Company	VF-Rustler
VF-Rustler	Gloria Vanderbilt
Tommy Hilfiger	Tommy Hilfiger
Ralph Lauren	Calvin Klein
Lei	JCPenney Priv. Label - Arizona Jean Company
Calvin Klein	Kmart Priv. Label - Route 66
Gloria Vanderbilt	Kohl's Priv. Label
Lane Bryant Priv. Label	Ralph Lauren
Kohl's Priv. Label	Lei
Kmart Priv. Label - Route 66	Lane Bryant Priv. Label
Express (Limited) Priv. Label	Express (Limited) Priv. Label
Hanes - Just My Size	Abercrombie & Fitch Priv. Label
VF-Chic	Liz Claiborne

Figure 29: Top denim jean brands 2001-2005

Source: Based on data from STS Market Research

Note: 2005 brands represent sales numbers through first quarter.

These numbers closely correspond with Women's Wear Daily's top ten rankings for 2005 denim jean brands: 1) Levi Strauss, 2) Lee, 3) Wrangler, 4) Old Navy, 5) Gap, 6) Guess, 7) Levi Strauss Signature, 8) Jordache, 9) Arizona, and 10) Tommy jeans (Tucker, 2005c).

Figures 30 a-d show the top ten private label brands and retailers in 1990 and 2004.

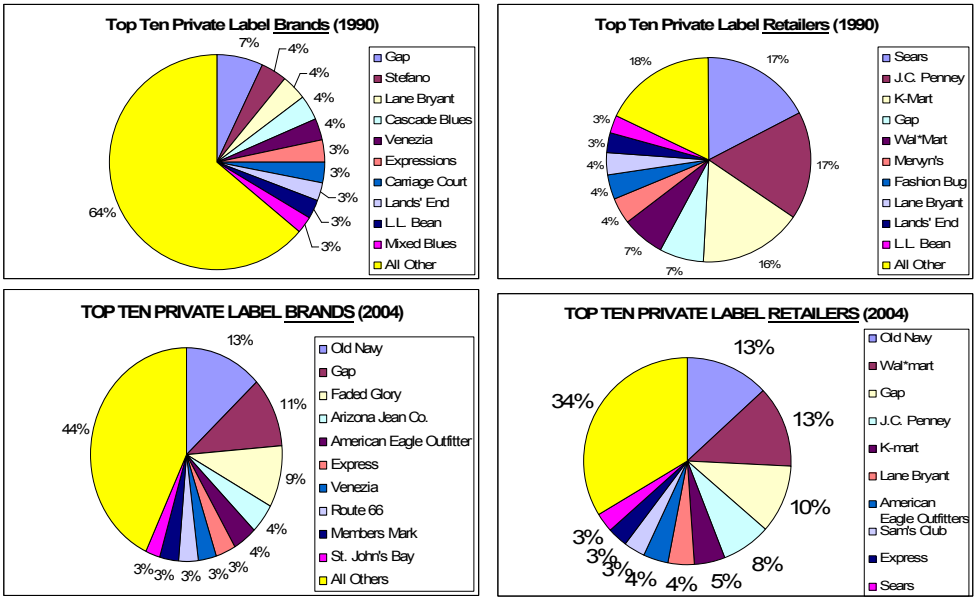

Figure 30 a-d: Top private label brands and retailers 1990-2004

Source: Based on data from STS Market Research

Though brands have continued to increase at a robust rate, the sales of both private label and national brand jeans have fluctuated considerably over the thirteen year period from 1990-2003 with an average growth rate of 5% a year (Source: based on data from STS Market Research).

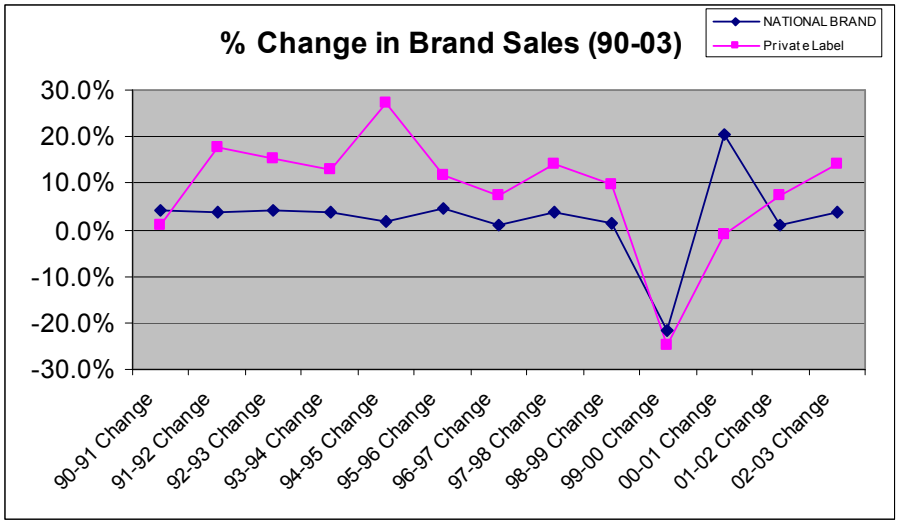

Figure 31: Changes in brand sales

Source: Based on data from STS Market Research

Note: The drop in sale from 1999 to 2000 are a result of a change in data sources from NPD to STS research group.

As sales growth has remained slow and the number of brands has increased, greater competition for already existing market share has resulted. One competitive strategy addressed in this research is the creation of private label denim jeans in an effort to generate brand loyalty, thus maintaining or increasing sales. Further study of the market and sales data will lead to further explanation of the current state of the private label retail industry.

Denim Jean Trends

Denim jean trends have run rampant as consumers have responded to bell-bottoms in the Sixties, designer jeans in the Seventies, torn, tattered and stonewashed jeans in the Eighties and hip-slung jeans in the Nineties (Finlayson, 1990; Harris, 2002). As the industry has entered the new millennium trends have not slowed, further exploration of the literature has revealed four trends currently of importance to the denim jean industry.

Rise in Premium Denim

Premium denim was introduced in the Seventies, but has seen a robust return as retailers and manufacturers pursue higher margins and consumers seek fit and fashion in denim. According to Tucker (2005c) who reports statistics from NPD Group, sales of women's jeans priced $60 and up more than doubled in 2004.

The demographics of the leading premium denim consumer are not surprising with 78 percent of sales represented by women and consumers ages 35-45 accounting for 30.3 percent of sales (the leading age group) (Tucker, 2005d). The premium denim consumer also varies in their apparent affection for the product category. They purchase an average of 10 pairs of jeans a year while the average consumer only buys three (Tucker, 2005d).

Many new brands have emerged to pursue the premium denim consumer and his/her dollars, however, three long-standing names have also entered the high-end market – Levi's, Lee and Wrangler (Malone, 2004a).

Weight, Washes , Embellishment and Stretch

The commodity five-pocket jean no longer satisfies the consumer, he/she is now demanding a differentiated product. Four common variations including denim weight, fabric washes or finishes, embellishment and fabric stretch. Traditionally 12 ounce denim is used in the production of jeans, however, designers and manufacturers have recently begun using lighter weight denim ranging from 8-10 ounces. Though hesitant before to use lighter weights because of deterioration in the finishing process, techniques have evolved to be less abrasive and the new products are softer and more comfortable for wearers (Malone, 2004a).

In addition to changing denim weight to better suit consumers, finishes and washes have also evolved. One trend has been the vintage jean that appears to have been worn for many years and has attributes such as increased softness and comfort. Achieving the appearance of extended wear in a new product requires much effort in the finishing process including washing, chemicals (such as potassium or bleach), grinding and handing sanding (Clark, 2004). This finishing process can actually represent close to half of the wholesale cost of a pair of high-end jeans (as much as $40) and require up to 16.5 hours of processing time after construction (Clark, 2004). The washes and finishes have become so important to the manufacturers that many have begun taking ownership of laundries to have more control and ability to experiment with the process (Sarkisian-Miller, 2005, article 21).

Yet another source of product differentiation is embellishment. This method may consist of unique linings, signature back pockets adorned with crystals, velvet, or studs or screenprints and handpainting (Sarkisian-Miller, 2005, article 21). By employing such embellishments, manufacturers have a product that is more unique and draws consumer attention and increases their willingness to pay.

Finally, many manufacturers have added stretch fiber to their denim, making it lighter and more durable, as well as giving it a more tailored look and fit (Tucker, 2005b). By adding Lycra™ to denim, the fabric's resiliency (ability to recover from being stretched) is increased and it is able to withstand more finishing processes without losing its strengths. Additionally, the added stretch helps women achieve a better fit as the fabric is able to adjust to women's varying body types (Tucker, 2005b).

Fit

Just as there is no one appropriate finish or wash for all consumers there is also not a single fit that will suits every body type. In response to this realization, retailers and manufacturers have developed a variety of fits that attempt to satisfy consumers of all ages and figures. Jeans may vary in their leg openings (slim, tapered, boot-cut or flair), but receiving the most attention lately is the waist (Agins, 2002; Malone, 2004a). Lower waistlines were the trend in the Nineties and have continued to be popular in the new millennium. According to Lee (2004), manufacturers have felt a great deal of stress in response to the waistline demands of consumers with older consumers preferring waistlines that sit higher on the hip while younger consumers prefer low-waisted bottoms. Many top jean retailers and manufacturers such as the Gap and Levi are now trying to satisfy all consumers by offering a selection of rises (as many as four) to meet customer demand

Economic Trends Affect Denim Jean Sales

As the United States economy has been volatile, so have sales in denim jeans. In 2004 the price of women's jeans moved lower as anxiety about the U.S. economy caused shoppers to pursue lower price points found in "on-sale" merchandise, as well as the everyday low prices found at discount stores (Malone, 2004a). In addition to consumers seeking lower prices, retailers and manufacturers have faced increased competition as the denim jean business has attracted new players and the jean supply far exceeds the demand (Malone, 2004a).

Future of Denim Jeans

Denim jeans have become an important part American's wardrobes and the market is expected to grow at an average rate of 2.2 percent a year through 2008 to a total of $13.9 billion (Malone, 2004a). Current trends that are expected to continue:

1. **An increased focus on women 35 + and a decreased focus in teenagers:** Sales for misses' jeans were up 22.2 percent in 2003 while junior jean sales slipped 4.3 percent (Malone, 2004a). As the Baby Boomers have always been familiar with and accepting of denim jeans their increased disposable income will be spent on the product category.
2. **Price Tier Development**: Retailers and manufacturers have seen the value associated with both value price point products as well as premium price point products and many have developed both strategies including Mudd, launching Paper, Denim & Cloth, VF (owner of Wrangler and Lee) acquired Earl Jeans; Levi, launching value brand Signature and Premium denim have developed both strategies (Malone, 2004b, article 15; Tucker, 2005a).
3. **Specialty stores and National Chains are the channel of choice for jean purchasers:** Between 2003 and 2004 specialty store sales have increased by 15% and national chains have increased by 24% (Malone, 2005).

CHAPTER III

METHODOLOGY

Purpose of Research

Private labels have become an increasingly important part of the retail apparel industry; however, the reason(s) for which they have been added to firms' portfolios has not been thoroughly researched or discussed in the academic or industry literature. The motivation for and outcomes of private label implementation at retail was therefore the focus of this study.

The purpose of this research was to determine the reasons for which private label, programs are employed by retailers. The research focused on two potential rationales: 1) *internal outcomes*, which are defined by the researcher as those that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs, and 2) *external outcomes*, though influenced by the firm, are ultimately determined by the consumer as brand loyalty. Specific research questions include:

1. What is the purpose(s) of a private label differentiation strategy from an apparel retail perspective?
    a. Consider the implications and existence of *internal outcomes* from private label programs – greater control over the supply chain and cost management.
    b. Consider the implications and existence of *external outcomes* from private label programs – increased brand loyalty.

2. What is the purpose(s) of a private label differentiation strategy from the perspective of upstream supply chain members (fabric and apparel manufacturers/marketers)?
    a. Establish outcomes of private label retail programs on upstream supply chain members.
    b. Establish retailer outcomes as defined by upstream supply chain members.
3. How would a visual depiction of the relationships and interactions that occur among a firm's supply chain appear? How would the outcomes created by private label programs then be illustrated?

Research Objectives

Specific research objectives included:

RO1: To determine the purpose(s) of private label, denim jean programs for retailers

a. in terms of brand loyalty

- by using quantitative analysis to measure and compare private label and national brand loyalty

- as established by private label retailers industry interviews (qualitative analysis)

b. in terms of supply chain management

- as established by private label retailers through industry interviews

c. in terms of cost management

- as established by private label retailers through industry interviews

RO2: To determine the outcome(s) of private label, denim jean programs from the perspective of upstream supply chain members (fabric manufacturers and apparel manufacturers) through the use of industry interviews

a. as applied to their sectors

b. as applied to retailers

RO3: To create a model that depicts the relationships with the three private label drivers and outcomes, as well as the interactions that occur among a private label denim jean supply chain (fabric manufacturers, apparel manufacturers and retailers) when creating the program

Quantitative Goals

Phase I of the study contained three goals that are achieved through the use of statistical measures:

1. What characteristics make up each purchasing group?
2. Which purchasing group is more brand category loyal?
3. What characteristics are predictive of loyalty for each purchasing group?

Hypothesis

H_1: Private label, denim jean programs are developed as a means of creating increased levels of customer loyalty and differentiation for the firm.

Qualitative Goals

Phase II of the study had three goals that were achieved through the use of industry interviews and qualitative measures:

1. To what extent is supply chain management the objective of private label programs?
2. To what extent is cost management the objective of private label programs?
3. To what extent is brand loyalty the objective of private label programs?

Table 11: Goal Definition and Corresponding Analyses

RESEARCH GOALS	GOAL STATEMENT	ANALYSIS	CORRESPONDING RESEARCH OBJECTIVE
Quantitative Goal #1	What characteristics make up each purchasing group?	•Descriptive Statistics •Analysis of Variance •Chi-Square Testing	RO1a RO3d
Quantitative Goal #2	Which purchasing group is more brand category loyal?	•Proportion Testing	RO1a RO3d
Quantitative Goal #3	What characteristics are predictive of loyalty for each purchasing group?	•Logistic Regression	RO1a RO3d
Qualitative Goal #1	To what extent is supply chain management the objective of private label programs?	•Interview	RO1b-c RO2a-b RO3a-d
Qualitative Goal #2	To what extent is cost management the objective of private label programs	•Interview	RO1b-c RO2a-b RO3a-d
Qualitative Goal #3	To what extent is brand loyalty the objective of private label programs?	•Interview	RO1b-c RO2a-b RO3a-d

Source: Author (Bruer, S., 2005)

Research Design

The research necessary to meet all of the study's objectives required the use of a mixed methods approach in which both quantitative and qualitative designs were employed

in a three-phase analysis. The strategy used follows the design discussed by Creswell (2003) and is a sequential process in which Phase II expands upon the findings of Phase I. The Deductive phase (Phase I) determined the level of consumer brand loyalty associated with private labels as compared with national brands. The Inductive phase (Phase II) determined the rationale for private label, denim jean strategies in terms of their effects on retailers through supply chain dynamics/control, cost management and brand loyalty. Finally, the data found in the Inductive and Deductive research phases was used to make conclusions about private label, denim jean programs in what is the Co-Interpretation of Analysis (Phase III). Figure 32 depicts the three-phase research design and Table 11 shows how each research objective was achieved through one or more of the phases and hypotheses.

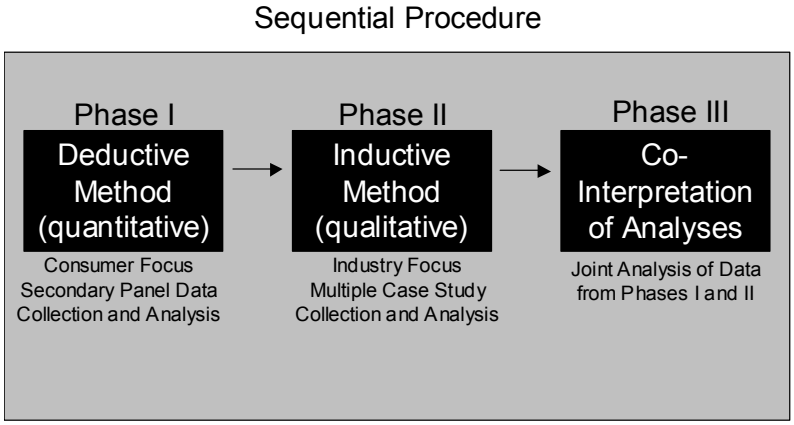

Figure 32: Research Design

Source: Author (Bruer, S., 2005)

Table 12: Research objectives and hypotheses as related to phase

Objectives Related to Research Phase and Hypothesis		
Research Objective	Research Phase	Hypothesis
RO1	1 & 2	H1
RO2	2	
RO3	1, 2 & 3	H1

Source: Author (Bruer, S., 2005)

Phase I: Deductive

When conducting a quantitative study, Deductive reasoning is typically applied to theory and takes on a more formal approach to testing and/or verifying the premise as opposed to developing it. The Deductive approach is typically used in quantitative research and is considered a more formal type of logic (see Figure 33). In order to verify the theory, the researcher collects data to analyze and then determines whether it supports or refutes the theory being tested (Creswell, 2003).

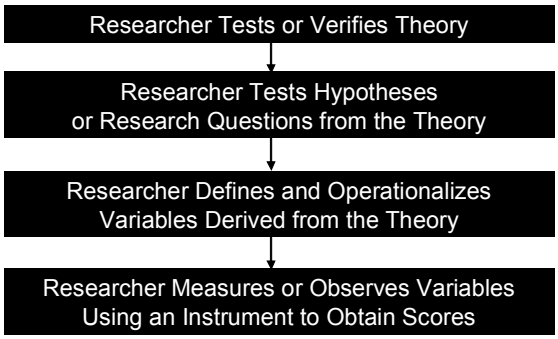

Figure 33: Deductive Research Approach

Creswell, J. (2003). *Research Design: Qualitative, Quantitative, and Mixed Methods Approches* (2nd edition). Thousand Oaks: Sage Publications.

Theory Identification

In order to arrive at the research questions and hypothesis necessary to meet the objectives of this study, a compilation of theory and framework published in the marketing literature was used. To initiate the study, Michael Porter's (1990) theory of Competitive Strategy was employed. Through extended research on competitive environments, Porter developed the theory that suggests a firm may create a competitive advantage by using one of three generic strategies (cost leadership, differentiation or focus). Application of the theory has been made to a variety of industries, one of which being textiles and apparel (Kilduff & Priestland, 2001; Parrish, 2003).

Selecting one specific strategy, Differentiation, the frameworks of study offered by Barney (2002) and Aaker (1998) are used for further explanation of this study. Barney (2002) suggests that a successful differentiation strategy can be achieved through the use of seven potential strategies: 1) product features, 2) linkages between functions, 3) timing, 4) location, 5) product mix, 6) links with other firms, and 7) reputation. He further explains that

the best way of employing one or all of these strategies and leveraging it is through the use of a brand. In order to measure the success of a differentiation strategy (or the brand), Aaker (1998) identifies three means of assessment – customer value, perceived value and inimitability. Aaker (1998) defines customer value as that worth which is apparent to the customer as opposed to what actually exists. He describes perceived value as that which is effectively communicated to the consumer. Finally, to be successful, the differentiation strategy must be sustainable and difficult to copy. Keller's (1998) conceptual model further leads the study through a depiction of brand development and the potential outcomes that may result from such an approach.

A brand is a potential vehicle by which a Differentiation strategy is implemented (through the use of one or more of Barney's seven tools) and is successful (as measured by Aaker's evaluation). Keller's (1998) conceptual model and nine outcomes (greater loyalty, less vulnerability to competitive marketing actions and crises, larger margins, more elastic response to price decreases, more inelastic response to price increases, greater trade cooperation and support, increased marketing communication efficiency and effectiveness, possible licensing opportunities, and more favorable brand extension evaluations) was selected as a driver by which the author developed two different rationales for the development of the specific brand strategy being studied, private label. A depiction of the study's ideological progression is given in Figure 1.

Step one of the Deductive approach was achieved through the synthesis of theoretical and conceptual models developed throughout the marketing literature. Based on these ideas, the author expected that the independent variable, brand loyalty, influences the development of the dependent variable, private label programs.

Research Premise (Research Question and Hypothesis Identification)

The specific research objective addressed by this phase of the study is: to determine the purpose of private label, denim jean programs for retailers in terms of brand loyalty by using quantitative analysis to measure and compare private label and national brand loyalty. The corresponding hypothesis is:

H_1: Private label, denim jean programs are developed as a means of creating increased levels of customer loyalty and differentiation for the firm.

This hypothesis partially fulfiled research objectives one and three.

Quantitative Research

Phase I of the study was used to confirm the premise that increased levels of brand loyalty are a result of private label, denim jean programs. Confirmation or disconfirmation of the premise was then used to answer the research question of, "what is the purpose of private label, denim jean programs for retailers." To conduct this phase, a syndicated source of secondary data, gathered from consumer households or individuals, was used. The data was collected by Massachusetts-based STS Research Group[10] for use by Cotton Incorporated over a four year period (2000-2004) with observations totaling 411,979.

[10] STS Market Research Group is a market research firm that collects primary data on the purchasing habits on individuals throughout the United States. The Group, who originally owned AccuPanel™, was acquired by NPD Fashionworld, also a provider of global consumer and retail information and insights, in July of 2005. The Accupanel™ data collection, however, is still completed at the Massachusetts facilities using their original methodology. Throughout the research, the data will be referred to as STS data.

Cotton Incorporated

Cotton Incorporated, with worldwide headquarters in Cary, North Carolina, has provided use of the STS dataset to be used in this study. Cotton Incorporated was established in 1970 by American cotton growers to build demand for cotton in the U.S. market and for U.S. cotton in world markets. In an effort to better understand the consumer market, the Strategic Planning division of the organization works to understand consumer attitudes toward fiber, textile product purchase behavior and attitudes toward fashion (Cotton Incorporated, retrieved October 12, 2005). One resource used by the Division is STS AccuPanel™ data. Use of the data was given by Cotton Incorporated for this particular study contingent upon upholding a strict confidentiality agreement (see Appendix N).

STS AccuPanel™ Data

Approximately 12,000 panelists report their monthly consumption of casual apparel and sportswear purchases through the use of online, mail and telephone communication. The data collection is longitudinal, therefore making it possible to track consumer behavior over time. To ensure validity of the sample, the population targeted matches the estimates given by the United States Census Bureau with the sample composed of roughly 46% men and 54% women. As another means of preventing inaccurate data collection, respondents must be over the age of 13.

The panelists are recruited through a random selection process. Upon completion of the panelist's commitment to the extended reporting procedure, he or she is trained on how to properly report purchase behavior completely and accurately. STS gives special attention to maintaining high response rates, complete reporting and retention of panelists. To entice

participation in the panel, respondents are given points redeemable for cash or other incentives such as phone cards, frequent flyer miles and movie passes (STS Market Research, retrieved October 12, 2005). Variables reported by panelists include demographics as well as their purchasing behavior and product selection. Purchasing information such as fabric type, price paid and retail channel are examples of information given by respondents. A comprehensive list of the variables reported by panelists is given in Appendix O.

Variable Definition and Operationalization

The variable identified for measure in the hypothesis was customer loyalty. Through the use of past study (Chow & Holden, 1997; Fournier & Yao 1997; Jacoby & Chestnut, 1978), the researcher defines brand loyalty as *the repeat purchase of a product or product category by a user over a specified period of time*.

Variable Measurement

In order to determine the customer loyalty associated with private label, denim jeans, it was necessary to measure repeat purchases by a given consumer or three consumer groups (Private label loyalists, National brand loyalists or Non-loyalists) over time. To determine the level of brand loyalty associated with both private label and national brand denim jeans five measures were used: 1) summary and descriptive statistics; 2) Analysis of Variance; 3) Chi-Square Tests; 4) Proportions Tests; and 5) Regression Analysis.

Summary and Descriptive Statistics

The initial data set in its entirety, as reported by STS, numbered 411,979 purchases made by 16,720 purchasers[11], but was broken down to better identify specific consumer activity in terms of denim jean purchases over time. Figure 34 shows the approach used.

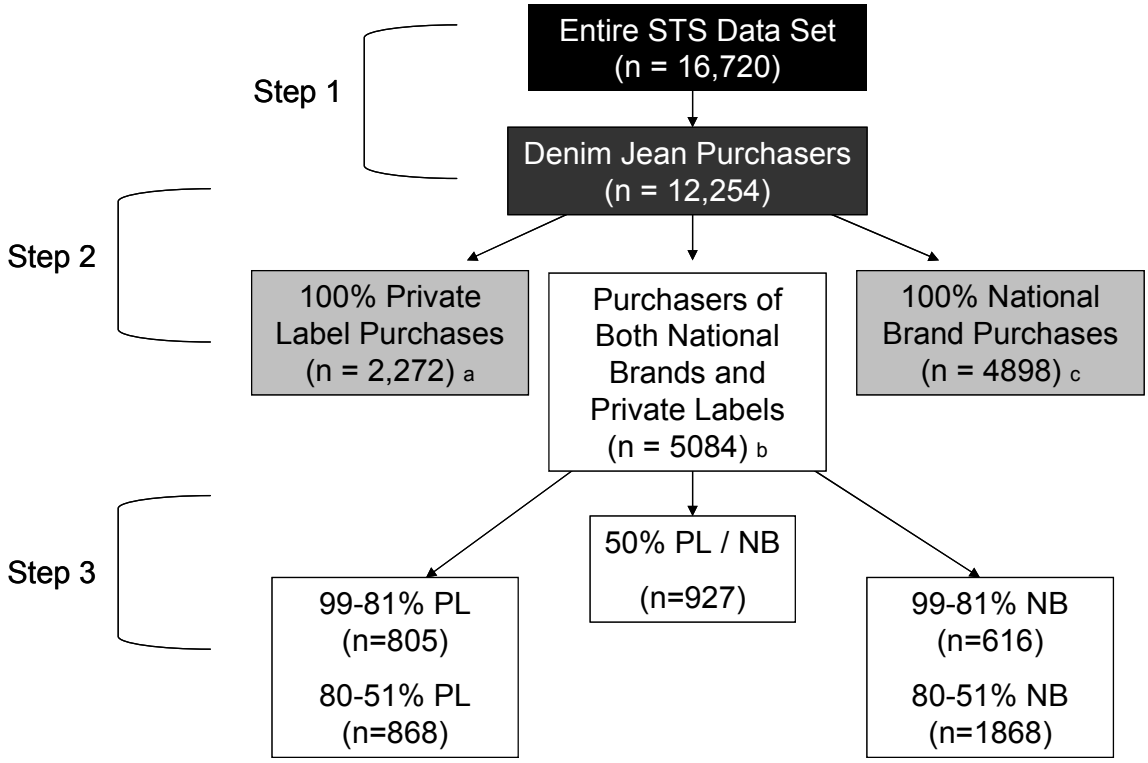

Figure 34: Comparison of Consumer Categories

Source: Author (Bruer, S., 2005)

a) Those individuals that bought only private label, denim jeans
b) Those individuals that bought both private label and national brand, denim jeans
c) Those individuals that bought only national brand, denim jeans
* Note: The entire data set includes 411,979 individuals, and when narrowed to denim jean consumers includes 58,162

[11] 16,720 consumers were tracked over the four year period. Those consumers made a total of of 411, 979 purchases which will be referred to throughout the dissertation as transactions.

Step 1 narrows the dataset to those of significance to this study, panelists that reported purchases of denim jeans were grouped to form a separate category (Denim Jean Purchasers). Step 2 further categorizes the purchasing behavior of the denim jean purchasers into three additional segmentations – 1) those that only bought private label jeans (Private Label Loyalists); 2) those that only bought national brand jeans (National Brand Loyalists); and 3) those that bought both private label and national brand jeans (Non-Loyalists).

Step 3 further breaks down the Non-Loyalist group into five additional groups according to percentage of purchases made (Jacoby & Chestnut, 1978):

Table 13: Denim Group Break Down

Purchase Group	Abbreviation	Percentage Purchased in Category
Private Label Loyal	PLL	100% Private Label
Medium Private Label Loyal	MPL	99-81% Private Label
Low Private Label Loyal	LPL	80-51% Private Label
Non-Loyal	NL	50% Private Label / 50% National Brand
Low National Brand Loyal	LNB	80-51% National Brand
Medium National Brand Loyal	MNB	99-81% National Brand
National Brand Loyal	NBL	100% National Brand

Summary and descriptive statistics are reported for each purchase group in terms of age, gender region, market size, household size, household income, occupation of male head of household, education of male head of household, occupation of female head of household, education of female head of household, race/ethnicity, age/presence of children, marital status, sale/regular price, outlets, price increments, and what the garment is primarily worn for.

Analysis of Variance and Chi-Square Tests

Using the variables listed in Table 14, Analysis of Variance (ANOVA) tests was used to determine differences among the 7 groups for numeric variables and Chi-Square tests was run to determine if the seven groups are statistically different when considering categorical variables. These tests were used to accomplish Goal 1.

Table 14: Preliminary variable analysis

Variable Name	Numeric Data	Categorical Data
Age	X	
Region		X
Market Size		X
Household Size	X	
Household Income		X
Occupation of Male Head of Household		X
Occupation of Female Head of Household		X
Education of Male Head of Household	X	
Education of Female Head of Household	X	
Race/Ethnicity		X
Age/Presence of Children		X
Gender		X
Marital Status		X
Sale/Regular		X
Primarily Worn For		X
Unit Price	X	
Purchase Driver		X
Four Major Age Breaks		X
Retail Channels		X
Price Breaks		X

Source: Author (Bruer, S., 2005)

Once each denim jean consumer group was identified and the preliminary statistics were run, a specific hypothesis was considered given the assumption that private label consumers are more loyal than national brand consumers (an assumption suggested by Keller (1998)):

> H_{1a}: There will be a significantly larger percentage of loyal customers in the private label purchase group than the national brand group.

Testing of Hypothesis

To test hypothesis H_{1a} the percentage of brand ownership in each of the seven groups was first determined. The percentage of group membership was then be used to verify if the percentage of private label purchases is significantly different than national brand purchasers or mixed purchasers. A difference of proportions test was used to determine if there was a significant difference in the percentage of brand membership among the seven groups at any given point in time. If the percentage of brand membership for private label purchasers was found to be significantly different than national brand purchasers, the null hypothesis ($H_{1a)}$ could not be rejected and increased brand loyalty for private labels was inferred.

Regression Analysis

Logistic regression analysis was used to predict whether the purchaser will buy a private label or national brand denim jean. This regression model was appropriate as the dependent variable had only two levels (private label purchase/national brand purchase). Stepwise modeling was used to ensure the best model is developed in stages. The potential explanatory variables was made available to the system and repeatedly considered. The best

explanatory variable is used first, then the second best, only those variables that are good predictors remain in the equation.

Phase II: Inductive

The inductive approach is most often used in qualitative research and is considered a more informal type of logic (see Figure 35). In order to begin the process, comprehensive data is gathered from participants and is then separated into themes or categories to better understand the research question. Once these groupings are developed, broad patterns, theories or generalizations are then made and compared with the experiences learned personally, from interview or existing literature (Creswell, 2003).

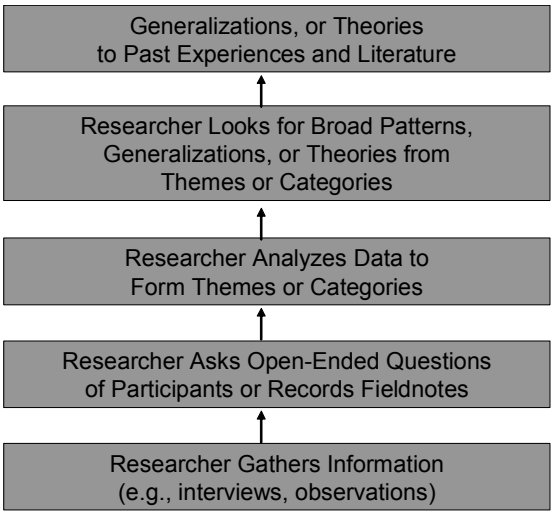

Figure 35: Inductive research approach

Creswell, J. (2003). *Research Design: Qualitative, Quantitative, and Mixed Methods Approches* (2nd edition). Thousand Oaks: Sage Publications.

As the quantitative analysis used in Phase I was successful at evaluating the premise that private label programs create greater brand loyalty, it did not offer explanation of "how and why" private label programs are implemented from an industry perspective. Phase II of the research was a case study methodology focusing on members of industry to establish their perspectives of why private label, denim jean programs are implemented (in terms of internal and external outcomes defined on pg. 85) by retailers and how the divisional members and supply chain interacts to execute the private label strategy. Members of the denim jean supply chain were targeted with a focus on textile and apparel manufacturers and retailers.

Instrument Development

To perform the case studies, the guidelines presented by Yin were used (1994). Data was collected through phone, personal and e-mail interviews and was guided by researcher-developed questionnaires to ensure consistency and completeness. The goals of the questionnaires was to both expand on the information acquired in Phase I and to further meet the defined research objectives of identifying the key internal and external outcomes of private label programs as stated by retailers and their upstream supply chain members. Appendix Q shows the questionnaires used to guide the researcher through each discussion.

Table 15: Interview instrument items related to research objectives

Research Objectives	Phase II	Phase II
	Case Study	Case Study
	Retailer Questionnaire*	Upstream Supply Chain Questionnaire**
RO1	Q1, Q3 - Q11, Q18 - Q26,	
RO2		Q1, Q3 – Q8, Q15 - Q20
RO3	Q2, Q3, Q5 - Q29	Q2, Q3 – Q22

* Refers to Questionnaire 1
** Refers to Questionnaire 2

Source: Author (Bruer, S., 2005)

Explanation of Interview Questionnaire: Retailers

The first section of the interview questionnaire for retailers was used to document demographic information about the company and respondent(s). The second section asked about for preliminary information about the firm's private label retail strategy. Question 1 identifies how much of the company's business is devoted to private label product manufacturing or sales [RO1]. Questions 2 was used to determine the level of internal cooperation among divisional members of the firm when developing their private label strategy [RO3]. Question 3 was used to determine how the firm would describe its private label strategy and motivation/intentions without any specific questions about the incentives hypothesized by the researcher [RO1, RO3]. Question 4 was used to determine what consumer the private label product is target [RO1]. Question 5 was used to determine whether there was a difference in the intentions and outcomes of the firm's private label program.

The second section asked specific questions about the firm's brand loyalty strategy. Question 6 will be used to establish how the retailer defines customer loyalty and ensure that their definition corresponds with that of the researcher [RO1, RO3]. Question 7 used a Likert scale to quantify the importance of brand loyalty to the retailer's overall competitive strategy [RO1, RO3]. Questions 8 and 9 will begin to probe the interviewee about the firm's perceived level of brand loyalty as well as why it does or does not exist [RO1, R03]. Question 10 will be asked to those retailers that sell both private label and national brands and inquires about the level of loyalty they perceive there to be with national brands versus private labels [RO1, RO3].

The third section of the questionnaire asked questions related to the retailer's private label supply chain. Question 11 was used to establish how the retailer defines supply chain management and ensure that their definition corresponds with that of the researcher [RO1, RO3]. Question 12 uses a likert scale to quantify the importance of supply chain management to the retailer's overall competitive strategy [RO1, RO3]. Questions 13 and 14 were used to understand the product development process associated with private label denim jeans [RO3]. Question 15 established the specific members with which the retailer works to develop the private label [RO3]. Questions 16 and 17 asked the retailer what divisions of all of the firms in the supply chain interact and for what reason [RO3]. Question 18 asked about the specific information that is shared among the supply chain members [RO3]. Question 19 has used to determine what advantages a retailer might gain through supply chain management [RO1, RO3] while Question 20 asked about a specific outcome, speed to market [RO1, RO3]. Finally, the affect(s) the retailer's private label strategy had on upstream supply chain members is determined in Question 21 [RO1, RO3].

The fourth section of the questionnaire asked questions related to the retailer's management of cost as a result of private label programs. Question 22 was used to establish how the retailer defines cost management and ensure that their definition corresponds with that of the researcher [RO1, RO3]. Question 23 used a Likert scale to quantify the importance of cost management to the retailer's overall competitive strategy [RO1, RO3]. Question 24 asked what advantages are achieved by retailers through private label programs in terms of cost management [RO1, RO3]. Question 25 was an extension and asks how cost advantages are distributed (shared with other supply chain members, passed on to the consumer or kept internally) [RO1, RO3]. Questions 26 and 27 asked about the benefits and

downfalls of implementing a private label strategy versus selling strictly national brands [RO1, RO3]. Finally, Question 28 asked if upstream supply chain members reap any cost benefits when involved with private label retailers [RO3].

The final section began by asking the interviewee what he/she sees for the future of their firm's private label program in Question 29 and what he/she sees for the future of all textile and apparel private label programs in Question 30 [RO3]. Question 31 allowed the interviewee to add any additional information that he or she deems potentially useful to the researcher. Lastly, Questions 32 and 33 allowed the researcher to request approval for future contact with the interviewee, as well as contact information of any additional respondents that he or she believes might be able to introduce additional insight into the research.

Explanation of Interview Questionnaire: Upstream Supply Chain Members

The first section of the interview questionnaire for upstream supply chain members was used to document demographic information about the company and respondent(s). The second section asked for preliminary information about the firm's private label retail strategy. Question 1 identified how much of the company's business is devoted to supplying retailers of private label product [RO2]. Questions 2 will be used to determine the level of internal cooperation among divisional members of the firm when developing their private label strategy [RO3]. Questions 3 and 4 were used to determine the intentions and outcomes of the private label program for the firm [RO2]. Question 5 was used to determine what consumer the private label retailer being supplied is attempting to target [RO2, RO3].

The second section asked specific questions about the firm's brand loyalty strategy. Question 6 was used to establish how the manufacturer defines customer loyalty and ensure that their definition corresponds with that of the researcher [RO2, RO3]. Question 7 used a Likert scale to quantify the importance of brand loyalty to the manufacturer's overall competitive strategy [RO2, RO3]. Questions 8 asked the manufacturer how loyal the retailers of private labels are to them, as well as how they compare to national brand retailers [RO2, RO3].

The third section of the questionnaire asked questions related to the manufacturer's private label supply chain. Question 9 was used to establish how the manufacturer defines supply chain management and ensure that their definition corresponds with that of the researcher [RO2, RO3]. Question 8 used a Likert scale to quantify the importance of supply chain management to the retailer's overall competitive strategy [RO2, RO3]. Questions 10 and 11 were used to understand the product development process associated with private label denim jeans [RO3]. Question 12 established the specific members with which the retailer works to develop the private label [RO3]. Questions 13 and 14 asked the retailer what divisions of all of the firms in the supply chain interact and for what reason [RO3]. Question 15 asked about the specific information that is shared among the supply chain members [RO3].

The fourth section of the questionnaire asked questions related to the manufacturer's management of cost as a result of private label programs. Question 16 was used to establish how the manufacturer defines cost management and ensure that their definition corresponds with that of the researcher [RO2, RO3]. Question 17 used a Likert scale to quantify the

importance of cost management to the manufacturer's overall competitive strategy [RO2, RO3].

The next four questions addressed the outcomes of private labels for retailers as perceived by their supply chain members. Question 18 asked how much loyalty the manufacturer believes the retailer creates by offering private label programs [RO2, RO3]. Question 19 asked what supply chain management advantages the retailer gains from the viewpoint of their input manufacturers [RO2, RO3]. Question 20 asked the same question, but of the cost management advantages. Question 21 corresponds to Question 20 and asked how cost savings (if they exist) are distributed to other supply chain members [RO2, RO3].

The final section began by asking the interviewee what he/she sees for the future of their firm's private label program in Question 22 and what he/she sees for the future of all textile and apparel private label programs in Question 23 [RO3]. Question 24 allowed the interviewee to add any additional information that he or she deems potentially useful to the researcher. Lastly, Questions 25 and 26 allowed the researcher to request approval for future contact with the interviewee, as well as contact information of any additional respondents that he or she believes might be able to introduce additional insight into the research.

Sample Selection

The specific companies selected for case study analysis were chosen through the processes shown in Figure 36.

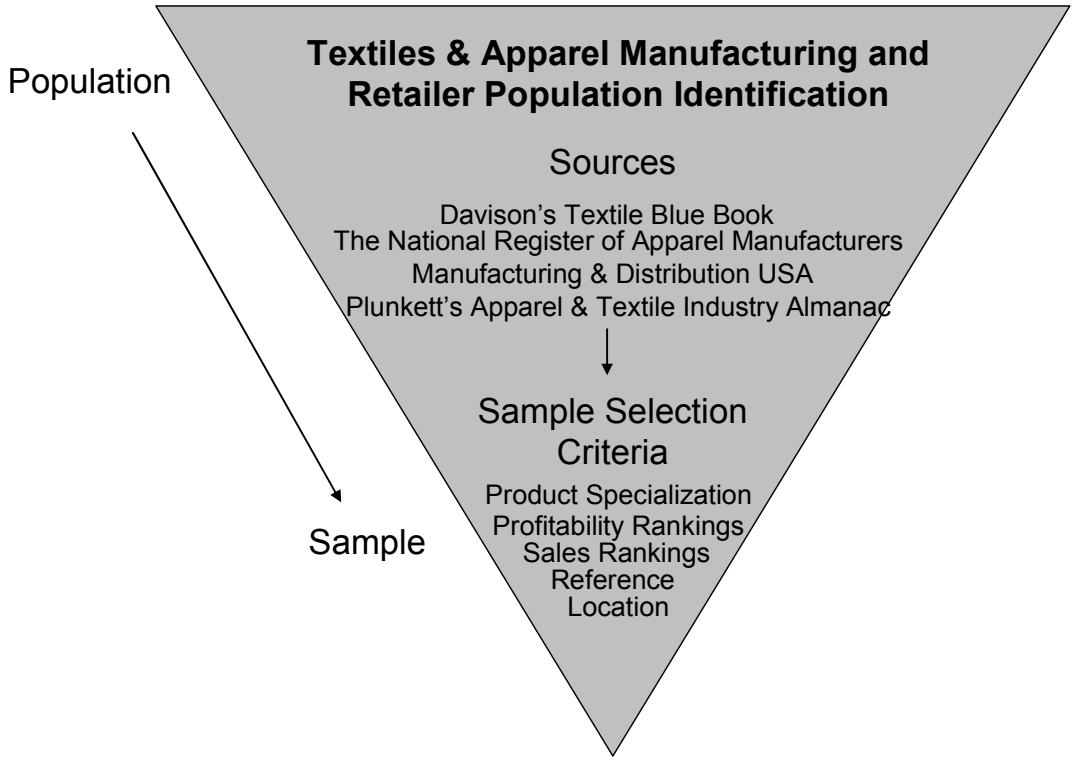

Figure 36: Population and sample identification approach

Source: Author (Bruer, S., 2005)

Sources

The population was identified through the use of four sources (Appendix

Q shows a complete list of the population considered):

- Davison's Textile Blue Book (2005) – Complete listing of United States textile manufacturers identified by product type and location (n = 104)
- The National Register of Apparel Manufacturers (2006) – Registry of United States apparel manufacturers and retailers by state (n=1200)
- Manufacturing & Distribution USA (2004) – Listing of top United States top textile and apparel manufacturing firms and retailers listed by NAICS code (n=950)
- Plunkett's Apparel & Textile Industry Almanac – Listing of firms (United States and abroad) in the textile and apparel industry that are considered to be in the top 350 in production, sales, profitability or growth (n=350)

Criteria

From these extensive lists, a narrowing process was employed to select a sample of ten companies from the textile and apparel manufacturing sectors and twenty retailers, for a total of 40 companies. The sample size of ten to twenty companies per sector was established so an adequate response rate and case study coverage would be achieved. The sample was determined by a combination of four factors:

- Product Specialization
    - Textile Manufacturers – must participate in denim production
    - Apparel Manufacturers/Marketers – must participate in jean production
    - Retail – must sell denim jeans
- Profitability Rankings – those companies ranked highest in profitability
- Sales Rankings – those companies ranked highest in sales dollars and/or volume
- Reference/ Location – supply chain member reference to their partners/suppliers and/or proximity to decision makers and interviewees

Textile Manufacturer Sector/Companies

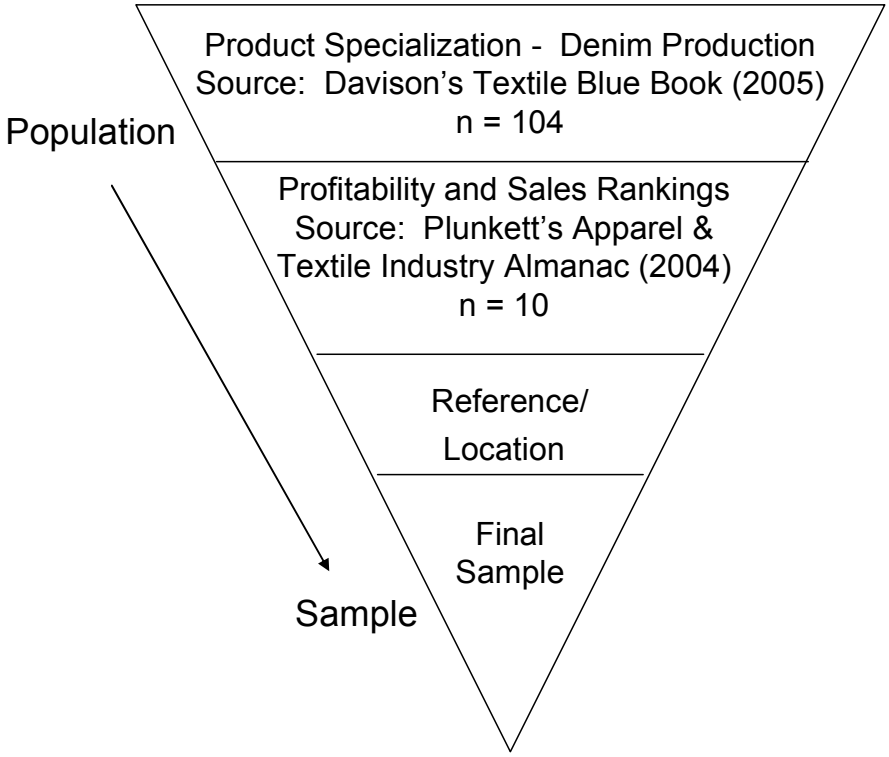

Figure 37: Textile manufacturer sample selection

Source: Author (Bruer, S., 2005)

Population (according to Davison's Textile Blue Book): 104 *denim* manufacturers (see Appendix Q)

Profitability/Sales Rankings (according to Plunkett's Apparel & Textile Industry Almanac) : Avondale, Burlington, Cone Mills, Dan River, Delta Woodside Industries Incorporated, Galey & Lord Inc., Johnston Textiles, Mount Vernon Mills, Parkdale Mills, and Plains Cotton Cooperative Association

Location: 1) *North Carolina* – Burlington Apparel Fabrics, International Textile Group, J.G. Thompson Enterprises, Mountain Textiles, Ltd., Parkdale Mills, Textiles Innovator Corp., The Slosman Corp., UCO Fabrics, Inc., VF Jeanswear, Inc., Wexler Textiles Limited; 2) *South Carolina* – Phoenix of Anderson, Allied Textile Sales, Inc., Avondale Mills, Inc., Delta Woodside Industries Incorporated, Liberty Denim, Mount Vernon Mills, Inc., NDW Textiles, Inc.; 3) *Georgia* – OHCO, Inc., Avondale Mills, Inc., Denim North America LLC, Eastbank Textiles Corp., Johnston Industries, Inc., Mount Vernon Mills, Phoenix of Anderson, Swift Denim (Galey & Lord), Unitex International, Inc.; 4) *Virginia* – Dan River

Selected Sample: Avondale Mills, Inc., Burlington Apparel Fabrics, Cone Mills, Dan River, Delta Woodside Industries Incorporated, Swift Denim, Johnston Industries, Denim North America, Mount Vernon Mills, Plains Cotton Cooperative Association

Study Sample: 4

Response Rate: 40%

Apparel Manufacturer Sector/Companies

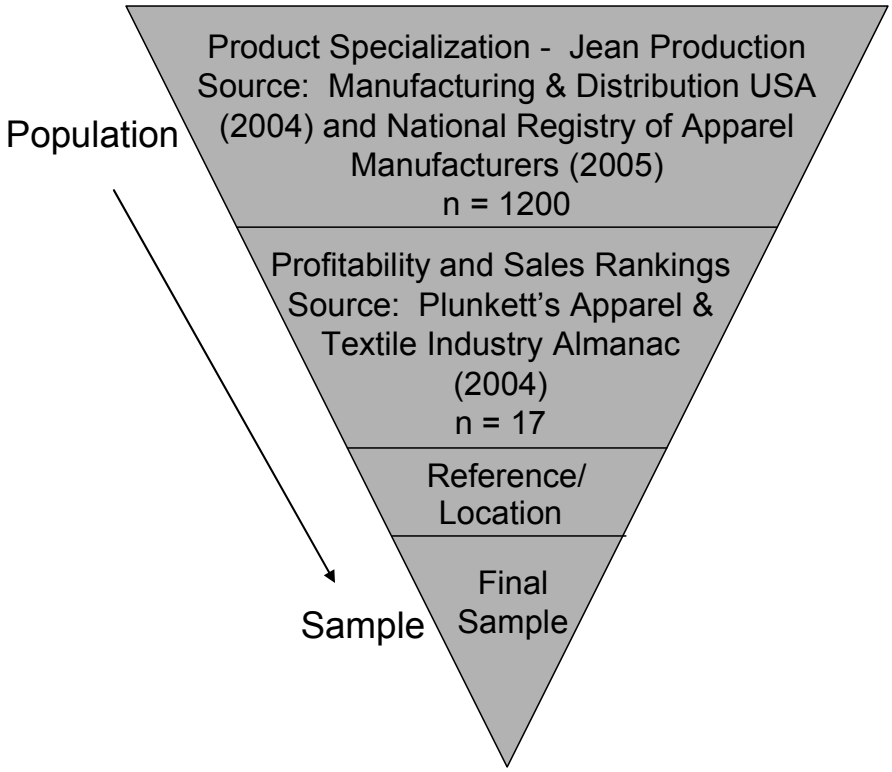

Figure 38: Apparel manufacturer sample selection

Source: Author (Bruer, S., 2005)

Population (according to Manufacturing & Distribution USA and the National Register of Apparel Manufacturers): Approximately 1200 denim and private label apparel manufacturers (see Appendix Q)

Profitability/Sales Rankings (according to Plunkett's Apparel & Textile Industry Almanac): Bill Blass, LTD, Gucci Group NV, Haggar Corp., IC Isaacs & Company Inc.. (Girbaud

Jeans), Innovo Group Inc., Jordache Enterprises, Inc., Kellwood Co., Levi Strauss & Co., MAST Industries, Inc., Nautica Enterprises, Inc, Oxford Industries, Inc., Phat Fashions LLC, Polo Ralph Lauren Corp., Tarrant Apparel Group, Tropical Sportswear International Corp., VF Corporation, Yakira LLC

Location: 1) *North Carolina* – Texas Jeans, Sturges Sportswear, Inc., Mirth, Inc., Cal Cru Co., Inc., V.F. Corporation, Bon Worth, Inc., Pine Island Sportswear Ltd., Whispering Pines Sportswear, Tanner Companies; 2) *South Carolina* – None; 3) *Georgia* – Go-Pro Ltd., Inc., Oxford Industries, Inc., Augusta Sportswear, Inc., L.A.T. Sportswear, Sope Creek, Alternative Apparel; 4) *Virginia* – Cotton Kids, Headgear

Selected Sample: Haggar Corporation, Jordache Enterprises, Kellwood Company (Phat Fashions), Levi Strauss & Company, MAST Industries, Oxford Industries, VF Corporation (Nautica Enterprises, Lee, Wrangler), Polo Ralph Lauren, Liz Claiborne, and Tanner Companies.

Study Sample: 9

Response Rate: 90%

Retail Sector/Companies

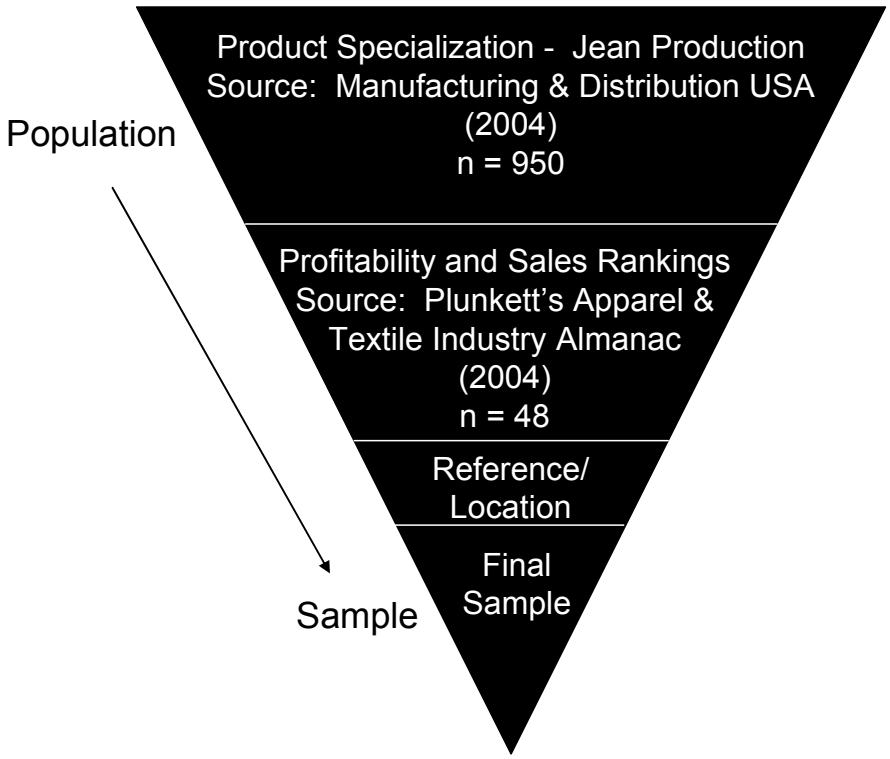

Figure 39: Retailer sample selection

Source: Author (Bruer, S., 2005)

Population (according to Manufacturing & Distribution USA): Approximately 950 men's, women's and family apparel retailers selling under the classifications of direct selling, general apparel, department stores, specialty stores, chain stores and discount stores (see Appendix Q)

Profitability/Sales Rankings of those involved in denim and private label (according to Plunkett's Apparel & Textile Industry Almanac): Abercrombie & Fitch Co., American Eagle Outfitters, The Buckle, Inc., The Gap, Inc., Guess? Inc., Hot Topic, Inc., Pacific Sunwear of California, Inc., Quiksilver, Inc., Urban Outfitters, Inc., Blair Corporation, Brylane, Inc., Coldwater Creek, Inc., Delia's Corporation, L.L. Bean, Inc., Lands' End, Inc., Aeropostale, Inc., American Retail Group Inc., AnnTaylor Stores Corp., Arcadia Group, BEBE Stores, Inc., CATO Corporation, Charlotte Russe Holding, Charming Shoppes, Inc., Chico's FAS Inc., Chistopher & Banks Corporation, DEB Shops, Inc., J Jill Group, Inc., Limited Brands, Inc., Mothers Work, Inc., Retail Brand Alliance, Inc., The Talbots, Inc., United Retail Group, Inc., The Wet Seal, Inc., Belk, Inc., The Bon-Ton Stores, Inc., J.C. Penny Company, Inc., Dillard's, Inc., The Elder Beerman Stores Corp., Federated Department Stores, Inc., Goody's Family Clothing, Inc., Gottschalks, Inc., The May Department Stores Company, The Neiman Marcus Group, Inc., Nordstrom, Inc., Saks, Inc., Sears Roebuck & Co., Stage Stores, Inc., K-Mart Corporation, Kohl's Corporation, Target Corporation, Wal-Mart Stores, Inc.,

Location: 1) *North Carolina* - Cato Corporation, Belk, Inc., Griffin 88 Stores; 2) *South Carolina* – One Price Clothing Stores, Inc., Salley Enterprises Co.; 3) *Georgia* – K and G Men's Center, Inc., Britches of Georgetowne, Inc., Duck Head Apparel Co.; 4) *Virginia* – S and K Famous Brands Inc., Long Rap, Inc., Stamor Corp., Fine's, Steven-Windsor, Inc., Coplon's

Selected Sample: Abercrombie & Fitch Company, American Eagle Outfitters, The Buckle, Inc., The Gap, Inc., Guess? Inc., Urban Outfitters, Limited Brands, Chico's FAS Inc., CATO Corporation, J.C. Penney, Kohl's Corporation, Stage Stores (Peebles), Sears/Lands' End/ Kmart, Target, Wal-Mart, Belk, Inc., May Department Stores, Federated Department Stores, Nordstrom, Inc., Dillards

Study Sample: 12

Response Rate: 60%

Data Collection and Analysis

The data for Phase II was collected through interviews conducted during a five week period beginning on March 13th, 2006. The interview type – personal, phone or e-mail – was dependent upon company location and the preference of the interviewee. The primary

locations and regions targeted were New York , Chicago, Columbus, Dallas, San Francisco and the Southeastern United States. Interviewees were primarily senior-level management with 30 out of 34 ranking as Chief Executive Officers, Presidents, or Vice Presidents within their firms. A total of 34 interviews were conducted with a response rate of sixty-four percent. Interviews ranged from 30-90 minutes depending upon the length at which respondents took to reply to open-ended questions.

Data analysis was completed in three stages (Yin, 1994; Parrish, 2003):

Stage 1: interviews were transcribed
Stage 2: data was organized according to sector
Stage 3: comparison were made to identify similarities and differences in private label strategies across and within sectors

Operational Definitions

Share of Brand Ownership: Percentage of total jean ownership that falls into each category – strict private label purchaser, strict national brand purchaser, cross-shopper.

Multiple Brand Ownership: This level of ownership looks at behavior within each of the three categories – i.e. looks at the purchasing of product within the group that buys only private labels to determine if consumers within that group are loyal to a given brand or purchase multiple brands within the category.

Product Features: Differentiation achieved by altering properties of the product or service being sold.

Linkages Between Functions: Differentiation achieved by **c**reating linkages with members throughout the firm's divisions.

Timing: Differentiation achieved by being the "first mover" or having perfect timing in entering/exiting the market

Location: Differentiation achieved by the physical location of the firm or the location of the product within a store**.**

Product Mix: Differentiation achieved by creating a consistent and well-matched offering of related products.

Links With Other Firms: Differentiation achieved by **c**reating linkages with other firms through partnerships or associations.

Reputation: Differentiation achieved by creating a name or character that creates value in the mind of the consumer.

Proprietary Brand: A brand that is owned and merchandised by a private individual or corporation, but is sold exclusively through a single retailer.

Purchase Frequency: The number of time a consumer buys a product (within the product category and/or within the brand category) over their purchase history.

Purchase Consistency: The regularity with which a consumer buys a product (within the product category and/or within the brand category) over their purchase history.

Retail Channels: The various means by which product can be distributed to consumers (mass retail stores, discount retail stores, specialty stores, off-price retail stores, on-line retail stores, department stores, direct retail stores)

Demographics: Socioeconomic groups, characterized by sex, income, age, education level, occupation or other such descriptive classifications.

Price Sensitivity: The influence price has on a consumer's willingness or likelihood of purchasing a product.

Private Label Loyal (PLL) Group: Those individuals who purchased 100% private label jeans.

Low National Brand Loyal (LBN) Group: Those individuals who purchased 80-51% national brand jeans.

Low Private Label Loyal (LPL) Group: Those individuals who purchased 80-51% private label jeans.

Medium National Brand Loyal (MNB) Group: Those individuals who purchased 99-81% national brand jeans.

Medium Private Label Loyal (MPL) Group: Those individuals who purchased 99-81% private label jeans.

National Brand Loyal (NBL) Group: Those individuals who purchased 100% national brand jeans.

No Loyalty (NL) Group: Those individuals who purchased 50% private label and 50% national brand jeans.

CHAPTER IV

RESULTS

Phase I Results

Research Objective 1a: To determine the purpose(s) of private label, denim jean programs for retailers in terms of brand loyalty by using qualitative analysis to measure and compare private label national brand loyalty.

Phase I of the study had three goals that will be discussed in this section:

1. What characteristics make up each purchasing group?

2. Which purchasing group is more brand category loyal?

3. What characteristics are predictive of loyalty for each purchasing group?

Summary Statistics

The sample for Phase I consisted of 16,720 panelists that recorded purchases for a duration of one quarter to four years and one quarter. The sample for Phase I was narrowed from the entire 16,720 purchasers to those that purchased denim jeans (12,254 individuals). The variables previously noted as pertinent to this study include age, gender region, market size, household size, household income, occupation of male head of household, education of male head of household, occupation of female head of household, education of female head of household, race/ethnicity, age/presence of children, marital status, sale/regular price, outlets, price increments, and what the garment is primarily worn. These variables can be categorized as specific to the purchaser (demographics) or specific to the transaction (price

paid, retail outlet, reason for purchase). Tables 15 and 16 give a summary of variables according to purchaser and transaction.

Table 16: Phase I Sample Summary by Purchaser Variables

VARIABLE	Frequency	Percent
MARKET SIZE		
50-99,999	66	0.54
100-249,999	948	7.77
250-499,999	1116	9.14
500-999,999	1096	8.98
1-2,499,999	3167	25.94
2,500,000 +	3454	28.29
50,000 or less	2361	19.34
RACE		
Hispanic / Other	913	7.45
White	9225	75.28
Black	972	7.93
Native American	82	0.67
Asian	563	4.59
No Answer	499	4.07
GENDER		
Male	5555	45.33
Female	6699	54.67
MARITAL STATUS		
Married	3732	47.78
Single	2676	34.26
Parntership	576	7.37
Divorced/Seperated	695	8.9
Widowed	132	1.69
HOUSEHOLD INCOME		
under 10,000	648	5.29
10-19,999	1037	8.46
20-29,999	1589	12.97
30-39,999	1792	14.62
40-49,999	1614	13.17
50-59,999	1333	10.88

Table 16 Continued: Phase I Sample Summary by Purchaser Variables

60-69,999	1072	8.75
70-79,999	922	7.52
80-89,999	582	4.75
90-99,999	448	3.66
100,000	1217	9.93
OCCUPATION (MALE)		
Professional, technical & kindred	3393	34.1
Farmers & farm managers	83	0.83
Mangers, officials & proprietors	1342	13.49
Clerical & kindred	184	1.85
Sales Work	577	5.8
Craftsman, foreman & kindred	928	9.33
Operatives & kindred workers	451	4.53
Service workers and private household workers	410	4.12
Farm laborers and farm foreman	38	0.38
Laborers, except farm and mine	782	7.86
Household head retired, not employed, housewife, and/or student	1001	10.06
Student	335	3.37
Military	184	1.85
No Answer	242	2.43
OCCUPATION (FEMALE)		
Professional, technical & kindred	2512	26.94
Farmers & farm managers	21	0.23
Mangers, officials & proprietors	950	10.19
Clarical & kindred	1171	12.56
Sales Work	558	5.99
Craftsman, foreman & kindred	81	0.87
Operatives & kindred workers	69	0.74
Service workers and private household workers	749	8.03
Farm laborers and farm foreman	12	0.13
Laborers, except farm and mine	241	2.59
Household head retired, not employed, housewife, and/or student	2119	22.73
Student	477	5.12
Military	31	0.33
No Answer	332	3.56

Table 16 Continued: Phase I Sample Summary by Purchaser Variables

EDUCATION (MALE)		
No Answer	982	9.87
Some high school or less	534	5.37
High school graduate	1872	18.81
Some college/technical school	3166	31.82
College graduate	2300	23.11
Post graduate work	1097	11.02
EDUCATION (FEMALE)		
No Answer	787	8.44
Some high school or less	307	3.29
High school graduate	1950	20.92
Some college/technical school	3191	34.23
College graduate	2279	24.44
Post graduate work	809	8.68
CHILDREN		
Under age of 6 only	1240	10.12
Age 6-12 only	826	6.74
Age 13-17 only	2165	17.67
Under age 6 & 6-12	729	5.95
Under age 6 & 13-17	211	1.72
Age 6-12 & 13-17	1287	10.5
All three age groups	413	3.37
No Answer	51	0.42
No children under age 18	5332	43.51
HOUSEHOLD SIZE		
1	1419	11.62
2	2982	24.41
3	2539	20.78
4	2764	22.63
5	1554	12.72
6	571	4.67
7	204	1.67
8	104	0.85
9	37	0.3
10	28	0.23
11	2	0.02
12	10	0.08
13	1	0.01

Table 16 Continued: Phase I Sample Summary by Purchaser Variables

AGE (4 BREAKS)		
13-24	3944	32.19
25-34	2860	23.34
35-55	4410	35.99
56+	1040	8.49
REGION		
East	2379	19.41
Central	2943	24.02
South	4162	33.96
West	2770	22.6

Source: NPD (2006). Author, (Bruer, S., 2006).

Table 17: Phase I Sample Summary by Transaction Variables

VARIABLE	FREQUENCY	PERCENT
OUTLETS		
Department Store	5529	9.51
Chain Store	10046	17.27
Specialty Store	16623	28.58
Mass	14242	24.49
Off-Price	3465	5.96
Factory Outlet	1478	2.54
Direct Mail	1314	2.26
Other	5465	9.4
PRIMARILY WORN FOR		
Casual	47398	82.38
Active Sport	914	1.59
School	5312	9.23
Work	3565	6.2
Special Event	349	0.61
SALE		
Sale Price	31102	53.47
Regular Price	22531	38.74
Other	4529	7.79

Source: NPD (2006). Author, (Bruer, S., 2006).

Table 18 shows the breakdown of denim jean purchasers into seven groups depending on their level of loyalty.

Table 18: Loyalty Group Frequencies

Loyalty Group	Frequency	Percent
Private Label Loyal (100% PL)	19365	33.29
Medium PL Loyal (99-81% PL)	27	0.05
Low PL Loyal (80-51% PL)	828	1.42
No Loyalty (50% PL / 50% NB)	3061	5.26
Low NB Loyal (80-51% NB)	941	1.62
Medium NB Loyal (99-81% NB)	465	0.80
National Brand Loyal (100% NB)	33475	57.55

Source: NPD (2006). Author, (Bruer, S., 2006).

Table 19 shows the total number of denim jean purchase transactions made by all respondents from 2001 through the first quarter of 2005[12]. The total jean purchase transactions are then broken down by national brand and private label purchases.

Table 19: Total Jeans Sold

Jeans Sold	2001-2005Q1
National Brand	55692.00
Private Label	33119.00
Total	88811.00

Source: NPD (2006). Author, (Bruer, S., 2006).

Analysis of Variance (ANOVA) Results

As partial fulfillment of Goal 1, Analysis of Variance was used to determine whether there was a significant difference between the seven groups in terms of ordinal variables. The three ordinal variables considered were age, household size and unit price (see Appendix S for complete output associated with ANOVA).

When testing all four variables and using a 95% confidence level, it was found that there were significant differences among the seven loyalty groups (Table 20).

[12] Results are aggregate from 2001 to 2005 Q1. The findings are robust and there is consistency from year to year, as well as throughout the time period.

Table 20: Analysis of Variance by Purchase Group Variables

Source	DF	Anova SS	Mean Square	F Value	Pr > F
Age	6	58163.57606	9693.92934	47.11	<.0001
Finding	Those that are National Brand Loyal (NBL) are older than all other categories (3-7 years older). Those that have Medium Private Label Loyalty (MPL) are younger than all other categories (1-5 years).				
Synopsis	↑ age = ↑ national brand loyalty	↓ age = ↑ private label loyalty			
Household Size	6	84.37233336	14.06205556	5.5	<.0001
Finding	Little difference actually exists among the seven groups and household size.				
Synopsis	↓ or ↑ = no significant change in household size				
Unit Price	6	63092576.94	10515429.49	7.45	<.0001
Finding	Those with high levels of brand loyalty for either national brands or private labels are likely to spend more money on their jean purchase. Private label loyalists spend less, however, than national brand loyalists.				
Synopsis	↑ loyalty = ↑ unit price	Private label loyalists spend ↓ than national brand loyalists			

Source: Author (Bruer, S., 2005)

Chi-Square Results

For partial fulfillment of Goal 1, Chi-square testing was used to determine whether there was a significant difference among the seven groups in terms of categorical variables. The purchaser variables considered were gender, race, price, region, market size, household income, occupation, age/presence of children, marital status, and age breaks. The transaction variables considered were garment use, outlets and purchase made at sale/regular price (see Appendix T for complete output associated with Chi-square tests). Those variables and loyalty groups that are significantly different and require remark are discussed in this section.

Table 21 shows results from purchaser variable Chi-square testing and Table 22 shows results from the transaction variable Chi-square testing.

Table 21: Chi-Square Results by Purchaser Variable Source

Variable	DF	Value	Probability	Finding	Synopsis				
Gender	6	473.07	<.0001	Women are less likely to be loyal to a single brand category. Men are more brand loyal to national brands.	Women ↓ overall loyalty (more cross-shopping)	Women ↑ loyalty to private labely (compared to national brand)	Men ↑ loyalty for national brands		
Education (male)	30	113.7874	<.0001	Those with higher levels of education are more likely to be private label loyal and/or cross-shop. Those with less education are more likely to purchase and be loyal to national brands.	↑ levels of education = ↑ levels of private label loyalty	↑ levels of education = ↑ levels of cross-shopping between brand categories	↓ levels of education = ↑ levels of national brand loyalty		
Education (female)	36	141.6699	<.0001	Those with higher levels of education are more likely to be private label loyal. Those with less education are more likely to purchase and be loyal to national brands and/or cross-shop between brand categories	↑ levels of education = ↑ levels of private label loyalty	↓ levels of education = ↑ levels of cross-shopping between brand categories	↓ levels of education = ↑ levels of national brand loyalty		
Region	18	53.2788	<.0001	The East is likely to cross-shop and/or to be loyal to private labels, but not be loyal to national brands. The Central region is not loyal to either brand type. The South is likely to be national brand loyal. The West has has high cross-shopping and lo	East = ↑ private label loyalty and ↑ cross-shopping	Central = low levels of loyalty	South = ↑ loyalty to national brands	West = ↑ levels of national brand loyalty and ↑ cross-shopping	
Marital Status	24	107.6004	<.0001	Married people are more likely to be national brand loyal. Single people are more likely to be private label loyal and cross-shop. Those in partnerships are more likely to purchase national brands and cross-shop. Those that are divorced are more likely t	Married = ↑ levels of national brand loyalty	Single = ↑ level of private label loyalty and ↑ cross-shopping	Partnership = ↑ level of national brand purchasing and ↑ cross-shopping	Divorced = ↑ purchase of national brand jeans	Widowed = ↑ purchase of private labels
Household Income	60	96.3939	0.002	Those with extremely low incomes are not likely to be loyal to a single brand category. As income increases, loyalty to national brands mounts. As income becomes high, loyalty to private labels increases and cross-shopping continues.	Income ↑ = All types of loyalty ↑	Medium income = ↑ national brand loyalty	High income = ↑ private label loyalty	A continuum of no loyalty → national brand loyalty → private label loyalty	

Table 21: Continued

Occupation (male)	84	139.2327	0.0001	Farmers and operatives, are more likely to purchase national brands. Managers, clarical positions, salesmen, and students are more likely to purchase private labels. Craftsmen, foremen and military are more likely to cross-shop.	Blue collar individuals are more likely to purchase national brands and/or cross-shop	White/pink collar individuals are more likely to purchase private labels			
Occupation (female)	78	134.873	<.0001	Professionals and students are more likely to purchase private labels. Farmers and operatives are more likely to purchase national brands. Managers and sales people are more likely to be loyal (less likely to cross-shop). Clarical and military are more l	Blue collar individuals are more likely to purchase national brands and/or cross-shop	White/pink collar individuals are more likely to purchase private labels			
Children	48	111.2756	<.0001	Households with children (varying in age) have inconsistent levels of loyalty and cross-shopping. Households with no children under the age of 18 are more likely to be private label loyal.	Presence of children = varied levels of loyalty (no pattern)	No presence of children (under 18 years of age)= ↑ levels of private label loyalty			
Race	30	98.0121	<.0001	Asians are less likely to purchase national brands and more likely to be private label loyal. Hispanics are less likely to be private label loyal and more likely to purchase and be loyal to national brands. African Americans are much more likely to purc	Asians and Whites ↑ private label loyalty	Hispanics, Blacks, and Native Americans ↑ purchase of and loyalty to national brands			

[13]

Author (Bruer, S., 2005)

[13] Pink collar is defined as a class of jobs, such as typist or telephone operator, once traditionally filled by women.

Gender

Within the gender variable men were significantly less likely to purchase private labels in any mix and were more likely to be national brand loyal.

Race

The race variable shows that African Americans are less likely to be private label loyal and are more likely to purchase in the national brand categories.

Occupation

The male occupation variable shows that those considered 'managers' are more likely to purchase private labels, while women show that those considered to have clerical or sales positions are more likely to buy them.

Education

In terms of education, men and women are more likely to purchase private labels than national brands as education level rises.

Age Breaks

Considering the age breaks, it was found that those people that fell into the MPL group were most likely to be between the ages of 35-55.

Region

The region variable shows that those that are in the medium groups (MPL and MNB) are more likely to reside in the East and less likely to reside in the West.

Other

Although the Chi-square tests found there to be significant differences among the groups when considering the variables market size, household income, presence/age of

children, marital status, and price breaks, individual comparison found there to be no group significantly different from the rest.

Table 22: Chi-Square Results by Transaction

Variable	DF	Value	Probability	Finding	Synopsis		
Outlet	7	17302.2112	<.0001	Of private labels sold there were very few sold at department stores and less than expected sold at chain stores. The majority of private labels sold were at specialty stores and the number sold through direct mail were more than expected.	Department stores, chain, off-price and factory outlets = ↑ national brand sales	Specialty stores and direct mail = ↑ private label sales	Mass sales were found to be as expected
Worn For	4	162.921	<.0001	The numbers associated with the different reasons for which jeans were worn were found to be similar to expectations			
Sale	3	121.4976	<.0001	The numbers associated with whether jeans were sold at full/sale price were found to be similar to expectations			

Source: Author (Bruer, S., 2005)

Outlets

The outlet variable shows that those people falling in the private label loyal group are much more likely to purchase at specialty stores, while those purchasing national brand jeans were likely to buy at department, chain and mass retailers.

Other

Although the Chi-square tests found there to be significant differences among the groups when considering the variables use of product and sale, individual comparison found there to be no group significantly different from the rest.

Hypothesis Testing

The hypothesis being considered in order to accomplish Goal 2 uses the assumption that private label consumers are more loyal than national brand consumers (an assumption suggested by Keller (1998)):

> H_{1a}: There will be a significantly larger percentage of loyal customers in the private label purchase groups than the national brand groups.

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Table 23: Hypothesis Testing Results

Proportion Testing (by Purchase Group)	
Sample Population	11327
Number of Private Label Loyalists	3945
np ≥ 5; nq≥ 5?	Yes
H0 ≤ 0.5	
HA > 0.5	
p =	0.5
q = (1-p) =	0.5
p hat = x/n	0.3483
DISTRIBUTION: z-distribution	
Signficance level =	0.05
Z =	32.34
p-value	0.0001
Cannot accept the null hypothesis. There are signficantly more people that fall under the national brand loyal category	

Source: NPD (2006). Author, (Bruer, S., 2006).

With a probability greater than 95%, the null hypothesis is not accepted. There is no evidence that there is greater brand loyalty associated with private label denim jeans than national brands.

Logistic Regression Results

As partial fulfillment of Goals 1,2, and 3, Logistic Regression was used to predict whether the purchaser will buy a private label or national brand denim jean. This regression model is appropriate as the dependent variable has only two levels (private label purchase/national brand purchase). Stepwise modeling was used to ensure only those

variables that are good predictors remain in the equation. A single model was constructed with RHS variables suggested from previous studies, industry recommendations and logic:

Log [Odds (event) / Odds (no event)] = $a_0 + b_1X_1 + b_2X_2 + \ldots b_pX_p$

Odds (event) = $1 / 1+e^{-g}$
Event 1 = Purchase of private label jean
Event 2 = Purchase of national brand jean
a_0 = intercept
b_1 thru b_p = variables selected

Table 24 shows the results and interpretations for the logistic regression (see Appendix U for complete output associated with the model).

Table 24: Logistic Regression Results

Summary of Stepwise Selection								
Step	Effect Entered	Effect Removed	DF	Number In	Score Chi-Square	Wald Chi-Square	Pr > ChiSq	Variable Label
1	OUTLETS		7	1	4847.9559		<.0001	OUTLETS
2	GENDER		1	2	389.0133		<.0001	GENDER
3	MARITALS		4	3	155.4559		<.0001	MARITALS
4	RACE		5	4	117.5064		<.0001	RACE
5	MARKETSI		6	5	109.3038		<.0001	MARKETSI
6	OCCFHOH		13	6	124.8418		<.0001	OCCFHOH
7	UNITPRIC		1	7	77.4954		<.0001	UNITPRIC
8	EDUFHOH		1	8	62.5253		<.0001	EDUFHOH
9	OCCMHOH		14	9	81.5641		<.0001	OCCMHOH
10	HHINCOME		10	10	39.7851		<.0001	HHINCOME
11	HHSIZE		1	11	13.1298		0.0003	HHSIZE
12	AGE		1	12	13.0872		0.0003	AGE
13	PRIMARYU		7	13	24.9847		0.0008	PRIMARYU
14	SALEPR1		1	14	10.2999		0.0013	SALEPR1

Type 3 Analysis of Effects			
Effect	DF	Wald Chi-Square	Pr > ChiSq
AGE	1	12.2175	0.0005
MARKETSI	6	97.6579	<.0001
HHSIZE	1	17.5592	<.0001
HHINCOME	10	41.6963	<.0001
OCCMHOH	14	69.9538	<.0001
OCCFHOH	13	106.3872	<.0001
EDUFHOH	1	40.7892	<.0001
RACE	5	102.7958	<.0001
UNITPRIC	1	60.7548	<.0001
GENDER	1	387.1416	<.0001
MARITALS	4	95.3647	<.0001
PRIMARYU	7	24.7600	0.0008
OUTLETS	7	3830.6115	<.0001
SALEPR1	1	10.2975	0.0013

Table 24 Continued: Logistic Regression Results

Analysis of Maximum Likelihood Estimates						
Parameter		DF	Estimate	Standard Error	Wald Chi-Square	Pr > ChiSq
Intercept		1	-0.8452	0.1210	48.8258	<.0001
AGE		1	-0.00456	0.00130	12.2175	0.0005
MARKETSI	1	1	-0.2027	0.1595	1.6159	0.2037
MARKETSI	3	1	0.1496	0.0574	6.7839	0.0092
MARKETSI	4	1	-0.3035	0.0571	28.2271	<.0001
MARKETSI	5	1	0.0101	0.0496	0.0416	0.8383
MARKETSI	6	1	-0.1259	0.0493	6.5141	0.0107
MARKETSI	9	1	-0.1214	0.0503	5.8359	0.0157
HHSIZE		1	-0.0382	0.00913	17.5592	<.0001
HHINCOME	3	1	-0.0522	0.0751	0.4828	0.4872
HHINCOME	6	1	-0.0973	0.0526	3.4137	0.0647
HHINCOME	9	1	-0.0830	0.0388	4.5797	0.0324
HHINCOME	12	1	-0.0647	0.0335	3.7350	0.0533
HHINCOME	15	1	0.0137	0.0314	0.1885	0.6642
HHINCOME	18	1	0.1017	0.0323	9.9037	0.0016
HHINCOME	21	1	-0.0752	0.0364	4.2815	0.0385
HHINCOME	24	1	0.1363	0.0371	13.5136	0.0002
HHINCOME	27	1	0.0928	0.0445	4.3544	0.0369
HHINCOME	30	1	-0.0442	0.0515	0.7366	0.3908
OCCMHOH	1	1	-0.3309	0.1407	5.5326	0.0187
OCCMHOH	2	1	0.0354	0.0377	0.8832	0.3473
OCCMHOH	3	1	-0.1854	0.1002	3.4198	0.0644
OCCMHOH	4	1	-0.0936	0.0566	2.7326	0.0983
OCCMHOH	5	1	-0.00306	0.0421	0.0053	0.9420
OCCMHOH	6	1	-0.0245	0.0650	0.1419	0.7064
OCCMHOH	7	1	-0.0163	0.0603	0.0728	0.7872
OCCMHOH	8	1	-0.6435	0.3063	4.4143	0.0356
OCCMHOH	9	1	-0.0761	0.0461	2.7287	0.0986
OCCMHOH	10	1	-0.00179	0.0478	0.0014	0.9702
OCCMHOH	11	1	0.6509	0.0998	42.5581	<.0001
OCCMHOH	12	1	0.0978	0.0800	1.4943	0.2215
OCCMHOH	26	1	-7.8867	103.2	0.0058	0.9391
OCCMHOH	99	1	-0.1064	0.1277	0.6943	0.4047
OCCFHOH	1	1	-0.9167	0.2180	17.6899	<.0001
OCCFHOH	2	1	-0.1820	0.0428	18.0621	<.0001
OCCFHOH	3	1	0.0891	0.0423	4.4445	0.0350
OCCFHOH	4	1	0.0420	0.0525	0.6411	0.4233
OCCFHOH	5	1	0.00769	0.1257	0.0037	0.9512
OCCFHOH	6	1	-0.5696	0.1735	10.7828	0.0010

Table 24 Continued: Logistic Regression Results

Analysis of Maximum Likelihood Estimates						
Parameter		DF	Estimate	Standard Error	Wald Chi-Square	Pr > ChiSq
OCCFHOH	7	1	-0.1243	0.0481	6.6713	0.0098
OCCFHOH	8	1	0.8231	0.5794	2.0181	0.1554
OCCFHOH	9	1	0.3626	0.0782	21.4849	<.0001
OCCFHOH	10	1	0.0516	0.0364	2.0058	0.1567
OCCFHOH	11	1	-0.0785	0.0679	1.3390	0.2472
OCCFHOH	12	1	-0.1702	0.2685	0.4016	0.5263
OCCFHOH	99	1	-0.0958	0.0964	0.9875	0.3204
EDUFHOH		1	0.0543	0.00851	40.7892	<.0001
RACE	0	1	0.3287	0.0662	24.6637	<.0001
RACE	1	1	0.4639	0.0479	93.8352	<.0001
RACE	3	1	0.0994	0.1394	0.5087	0.4757
RACE	4	1	0.3683	0.0711	26.8742	<.0001
RACE	9	1	0.3531	0.1069	10.9161	0.0010
UNITPRIC		1	-0.00009	0.000011	60.7548	<.0001
GENDER	1	1	-0.2558	0.0130	387.1416	<.0001
MARITALS	1	1	-0.3374	0.0379	79.3663	<.0001
MARITALS	3	1	-0.3788	0.0527	51.6587	<.0001
MARITALS	4	1	-0.0507	0.0996	0.2596	0.6104
MARITALS	5	1	-0.3107	0.2220	1.9592	0.1616
PRIMARYU	1	1	0.1844	0.0718	6.5914	0.0102
PRIMARYU	2	1	-0.1873	0.1153	2.6407	0.1042
PRIMARYU	3	1	0.1762	0.1676	1.1049	0.2932
PRIMARYU	4	1	0.1871	0.0795	5.5406	0.0186
PRIMARYU	5	1	0.1156	0.0823	1.9762	0.1598
PRIMARYU	6	1	-0.6994	0.4145	2.8475	0.0915
PRIMARYU	7	1	-0.1799	0.1869	0.9261	0.3359
OUTLETS	1.00	1	-0.7256	0.0434	279.3171	<.0001
OUTLETS	2.00	1	-0.0505	0.0303	2.7755	0.0957
OUTLETS	3.00	1	1.3082	0.0270	2353.5748	<.0001
OUTLETS	4.00	1	0.1707	0.0294	33.7150	<.0001
OUTLETS	5.00	1	-0.5667	0.0508	124.4205	<.0001
OUTLETS	6.00	1	-0.8988	0.0857	109.9139	<.0001
OUTLETS	7.00	1	1.3150	0.0630	435.4786	<.0001
SALEPR1	1.00	1	0.0418	0.0130	10.2975	0.0013

Table 24 Continued: Logistic Regression Results

Analysis of Maximum Likelihood Estimates						
Parameter		DF	Estimate	Standard Error	Wald Chi-Square	Pr > ChiSq
OCCFHOH	1	1	-0.9167	0.2180	17.6899	<.0001
OCCFHOH	2	1	-0.1820	0.0428	18.0621	<.0001
OCCFHOH	3	1	0.0891	0.0423	4.4445	0.0350
OCCFHOH	4	1	0.0420	0.0525	0.6411	0.4233
OCCFHOH	5	1	0.00769	0.1257	0.0037	0.9512
OCCFHOH	6	1	-0.5696	0.1735	10.7828	0.0010
OCCFHOH	7	1	-0.1243	0.0481	6.6713	0.0098
OCCFHOH	8	1	0.8231	0.5794	2.0181	0.1554
OCCFHOH	9	1	0.3626	0.0782	21.4849	<.0001
OCCFHOH	10	1	0.0516	0.0364	2.0058	0.1567
OCCFHOH	11	1	-0.0785	0.0679	1.3390	0.2472
OCCFHOH	12	1	-0.1702	0.2685	0.4016	0.5263
OCCFHOH	99	1	-0.0958	0.0964	0.9875	0.3204
EDUFHOH		1	0.0543	0.00851	40.7892	<.0001
RACE	0	1	0.3287	0.0662	24.6637	<.0001
RACE	1	1	0.4639	0.0479	93.8352	<.0001
RACE	3	1	0.0994	0.1394	0.5087	0.4757
RACE	4	1	0.3683	0.0711	26.8742	<.0001
RACE	9	1	0.3531	0.1069	10.9161	0.0010
UNITPRIC		1	-0.00009	0.000011	60.7548	<.0001
GENDER	1	1	-0.2558	0.0130	387.1416	<.0001
MARITALS	1	1	-0.3374	0.0379	79.3663	<.0001
MARITALS	3	1	-0.3788	0.0527	51.6587	<.0001
MARITALS	4	1	-0.0507	0.0996	0.2596	0.6104
MARITALS	5	1	-0.3107	0.2220	1.9592	0.1616
PRIMARYU	1	1	0.1844	0.0718	6.5914	0.0102
PRIMARYU	2	1	-0.1873	0.1153	2.6407	0.1042
PRIMARYU	3	1	0.1762	0.1676	1.1049	0.2932
PRIMARYU	4	1	0.1871	0.0795	5.5406	0.0186
PRIMARYU	5	1	0.1156	0.0823	1.9762	0.1598
PRIMARYU	6	1	-0.6994	0.4145	2.8475	0.0915
PRIMARYU	7	1	-0.1799	0.1869	0.9261	0.3359
OUTLETS	1.00	1	-0.7256	0.0434	279.3171	<.0001
OUTLETS	2.00	1	-0.0505	0.0303	2.7755	0.0957
OUTLETS	3.00	1	1.3082	0.0270	2353.5748	<.0001
OUTLETS	4.00	1	0.1707	0.0294	33.7150	<.0001
OUTLETS	5.00	1	-0.5667	0.0508	124.4205	<.0001
OUTLETS	6.00	1	-0.8988	0.0857	109.9139	<.0001
OUTLETS	7.00	1	1.3150	0.0630	435.4786	<.0001
SALEPR1	1.00	1	0.0418	0.0130	10.2975	0.0013

Table 24 Continued: Logistic Regression Results

Effect	Odds Ratio Estimates Point Estimate	95% Wald Confidence Limits		Explanation
AGE	0.995	0.993	0.998	↑ age = ↓ private label purchase
MARKETSI 1 vs 2	0.817	0.597	1.116	No consistent effect for market size on private label purchases
MARKETSI 3 vs 2	1.161	1.038	1.300	
MARKETSI 4 vs 2	0.738	0.660	0.826	
MARKETSI 5 vs 2	1.010	0.917	1.113	
MARKETSI 6 vs 2	0.882	0.800	0.971	
MARKETSI 9 vs 2	0.886	0.803	0.977	
HHSIZE	0.962	0.945	0.980	↑ in household size = ↓ private label purchase
HHINCOME 3 vs 33	0.883	0.739	1.055	↑ in liklihood of private label purchase as income ↑
HHINCOME 6 vs 33	0.844	0.738	0.966	
HHINCOME 9 vs 33	0.856	0.767	0.956	
HHINCOME 12 vs 33	0.872	0.790	0.963	
HHINCOME 15 vs 33	0.943	0.858	1.037	
HHINCOME 18 vs 33	1.030	0.937	1.132	
HHINCOME 21 vs 33	0.863	0.781	0.953	
HHINCOME 24 vs 33	1.066	0.966	1.177	
HHINCOME 27 vs 33	1.021	0.913	1.141	
HHINCOME 30 vs 33	0.890	0.786	1.008	
OCCMHOH 1 vs 0	0.718	0.545	0.946	Students and professionals ↑ liklihood of private label purchase
OCCMHOH 2 vs 0	1.036	0.962	1.115	
OCCMHOH 3 vs 0	0.831	0.683	1.011	
OCCMHOH 4 vs 0	0.911	0.815	1.018	
OCCMHOH 5 vs 0	0.997	0.918	1.083	
OCCMHOH 6 vs 0	0.976	0.859	1.108	
OCCMHOH 7 vs 0	0.984	0.874	1.107	
OCCMHOH 8 vs 0	0.525	0.288	0.958	
OCCMHOH 9 vs 0	0.927	0.847	1.014	
OCCMHOH 10 vs 0	0.998	0.909	1.096	
OCCMHOH 11 vs 0	1.917	1.577	2.331	
OCCMHOH 12 vs 0	1.103	0.943	1.290	
OCCMHOH 26 vs 0	<0.001	<0.001	>999.999	
OCCMHOH 99 vs 0	0.899	0.700	1.155	

Table 24 Continued: Logistic Regression Results

Effect	Odds Ratio Estimates Point Estimate	95% Wald Confidence Limits		Explanation
OCCFHOH 1 vs 0	0.400	0.261	0.613	
OCCFHOH 2 vs 0	0.834	0.767	0.907	
OCCFHOH 3 vs 0	1.093	1.006	1.188	
OCCFHOH 4 vs 0	1.043	0.941	1.156	
OCCFHOH 5 vs 0	1.008	0.788	1.289	
OCCFHOH 6 vs 0	0.566	0.403	0.795	
OCCFHOH 7 vs 0	0.883	0.804	0.970	
OCCFHOH 8 vs 0	2.277	0.732	7.090	
OCCFHOH 9 vs 0	1.437	1.233	1.675	
OCCFHOH 10 vs 0	1.053	0.980	1.131	
OCCFHOH 11 vs 0	0.924	0.809	1.056	
OCCFHOH 12 vs 0	0.844	0.498	1.428	No consistent effect for female occupation on
OCCFHOH 99 vs 0	0.909	0.752	1.098	purchse liklihood
EDUFHOH	1.056	1.038	1.074	↑ education = ↑ private label purchase
RACE 0 vs 2	1.389	1.220	1.582	
RACE 1 vs 2	1.590	1.448	1.747	
RACE 3 vs 2	1.105	0.840	1.452	
RACE 4 vs 2	1.445	1.257	1.661	All races other than African Americans are more
RACE 9 vs 2	1.424	1.154	1.755	likley to purchase private labels
UNITPRIC	1.000	1.000	1.000	No Effect
GENDER 1 vs 2	0.600	0.570	0.631	Men = ↓ liklihood of private label purchase
MARITALS 1 vs 2	0.714	0.663	0.769	
MARITALS 3 vs 2	0.685	0.618	0.759	
MARITALS 4 vs 2	0.951	0.782	1.155	
MARITALS 5 vs 2	0.733	0.474	1.132	Single = ↑ liklihood of private label purchase
PRIMARYU 1 vs 9	0.803	0.643	1.003	
PRIMARYU 2 vs 9	0.554	0.410	0.749	
PRIMARYU 3 vs 9	0.797	0.530	1.199	
PRIMARYU 4 vs 9	0.806	0.637	1.019	
PRIMARYU 5 vs 9	0.750	0.590	0.953	
PRIMARYU 6 vs 9	0.332	0.128	0.859	
PRIMARYU 7 vs 9	0.558	0.356	0.875	No pattern
OUTLETS 1.00 vs 9.00	0.841	0.737	0.959	
OUTLETS 2.00 vs 9.00	1.652	1.479	1.845	
OUTLETS 3.00 vs 9.00	6.427	5.779	7.148	
OUTLETS 4.00 vs 9.00	2.061	1.851	2.294	
OUTLETS 5.00 vs 9.00	0.986	0.854	1.138	
OUTLETS 6.00 vs 9.00	0.707	0.572	0.875	Direct mail, chain, mass and specialty stores
OUTLETS 7.00 vs 9.00	6.471	5.478	7.644	have ↑ liklihood of private label purchases
SALEPR1 1.00 vs 2.00	1.087	1.033	1.144	If on sale, then ↑ purchase of private labels

Positive Effects on Private Label Purchases

In analyzing the Odds Ratio Estimates, it was found that as income increases, consumers are more likely to purchase private label, denim jeans. Further explanation of this finding is offered when considering the occupation variable, as those that are students and professionals are also more likely to purchase private label jeans. Also confirming this effect is the education variable which shows that increased levels of education result in a higher likelihood of private label purchase. Additional variables that have a positive effect on private label purchase are a marital status of "single," a retail outlet of specialty, mass, chain or direct mail, and purchasing the product at full price as opposed to on sale.

Negative Effects on Private Label Purchases

In analyzing the Odds Ratio Estimates, it was found that as age increases, consumers are less likely to purchase private label, denim jeans. Additionally, as household size increases, the likelihood of purchasing private label decreases. When considering the race variable, it was found that African Americans are least likely to purchase private label jeans (all other races are more likely to purchase in comparison). Gender has a significant effect as the male purchaser is far less likely to buy private label jeans.

No Effect on Private Label Purchases

Of the variables found to be significant in the model through the use of Stepwise Logistic Regression, it was found that there was no consistent effect on purchasing behavior when considering market size, unit price, or the reason for which the product

was purchased. When compared to the ANOVA and Chi-square findings, the results were similar.

Key Findings: Phase I (External Outcomes)

- **Loyalty:** Though initially hypothesized, purchasers of private label denim jeans are not more loyal than purchasers of national brand denim jeans.
    - 58% of purchasers exclusively bought national brands
    - 33% of purchasers exclusively bought private labels
- **Gender:** Men are much more likely to purchase and be loyal to national brands.
- **Market Size:** Market size does not significantly affect the purchase of private label or national brands.
- **Income:** As income increases, consumers are more likely to purchase private label, denim jeans.
- **Education:** As education levels increase, consumers are more likely to purchase private label, denim jeans.
- **Race:** Race plays a significant role in private label and national purchases – African Americans are much more likely to purchase national brands while all other races, especially Asians, are more likely to purchase private labels.
- **Retail Outlet:** Of private labels sold, there were very few sold at department stores and less than expected sold at chain stores. The majority of private labels sold were at specialty stores and the number sold through direct mail was more than expected.
- **Marital Status:** Marital status plays an important role in private label purchases – those that are married or divorced are more likely to purchase national brands, while those that are single are more likely to purchase private labels.
- **Occupation:** Those that are considered professionals or students are much more likely to purchase private label, denim jeans. Those that worked in "blue collar" positions were more likely to purchase and be loyal to national brands.
- **Region:** The East is likely to cross-shop and/or be loyal to national brands. The Central region is not loyal to either brand type. The South is likely to be national brand loyal. The West has high cross-shopping and loyalty to national brands.
- **Price:** Those consumers with high levels of brand loyalty, for either private label or national brand, are likely to spend more money on their jean purchase. Private label loyalist, however, spend less than national brand loyalists.

Phase II Results

Research Objective 1a: To determine the purpose(s) of private label, denim jean programs for retailers in terms of brand loyalty as established by private label retailers industry interviews.

Research Objective 1b: To determine the purpose(s) of private label, denim jean programs for retailers in terms of supply chain management as established by private label retailers through industry interviews.

Research Objective 1c: To determine the purpose(s) of private label, denim jean programs for retailers in terms of cost management as established by private label retailers through industry interviews.

Research Objective 2: To determine the outcome(s) of private label, denim jean programs from the perspective of upstream supply chain members through the use of industry interviews (as applied to their sectors and as applied to retailers).

Phase II of the study had three goals that will be discussed in this section:

1. To what extent is brand loyalty important when deciding to pursue a private label program?
2. To what extent is supply chain management/control important when deciding to pursue a private label program?
3. To what extent is cost management/control important when deciding to pursue a private label program?

Key findings from the interviews are shown in Tables 25 - 69 with further discussion of findings following each table. The information is presented by research

area and sector with discussions of within sector findings, as well as between sector findings.

Company Information

Tables 25 – 33 explain the company private label and national brand strategies as described by the interviewees.

Table 25: Fiber company information

Company Information: Fiber	**Company L**
Percent of business that is private label	65-70%
Brand strategy used according to three categories: Good, Better, Best	• Better • Best
Private label development strategy	• Downstream marketing group • Call on retailers • Goal is to better identify Company L's products in their specs
Reason for which private label strategy was implemented	• Volume • Increases revenues

Fiber Company Comparison: Findings

Company L uses private label programs as a means of increasing the overall demand for their existing fiber. Only those private label retailers and manufacturers that are able to afford the premium associated with the fiber, as well as brand name, are targeted by the firm. Even though they strictly approach those private labels that are considered premium, their business remains 65-70% private label.

Table 26: Denim company information

Company Information: Fabric	**Company O**	**Company P**	**Company Q**
Percent of business that is private label	20%	40%	40-45%
Brand strategy used according to three categories: Good, Better, Best	• Good (minimally) • Better • Best	• Good • Better • Best	• Good • Better (majority at mass)
Private label development strategy	• Work with retailer's designer and merchandising teams to help develop solutions to problems/desires	• Triangle Selling: Mills → Finishers → Retailers • Improves execution to market • Has brought the supply chain closer together	• Promote the product to retailers through showings 2-4 times a year
Reason for which private label strategy was implemented	• Go to where the business is	• It is not about control over the supply chain, it is about price	• Business

Table 26 continued: Denim company information

Company Information: Fabric	**Company R**
Percent of business that is private label	40%
Brand strategy used according to three categories: Good, Better, Best	• Better • Best
Private label development strategy	• Sales and merchandising play the key roles when working with different retailers and manufacturers/marketers
Reason for which private label strategy was implemented	• Fits into company strategy • Used to do most business with national brands, but over time was forced to work with private labels • Work primarily with private labels that have their own doors

Denim Company Comparison: Findings

The percentage of business done by denim manufacturers with private label retailers varies from approximately 20 percent to 40+ percent. As all denim manufacturers interviewed are based in and primarily manufacture in the United States, it is also interesting that Company Q chooses a different business strategy. Company Q primarily sells to the discount channel, as opposed to following the strategy of the other three manufacturers that target those labels which are willing to pay a premium for American made denim. Also interesting is the similar strategy of all four firms with their downstream marketing tactics. They all use a similar pull strategy in which they work closely with retailers to develop product then anticipate specifications for their denim when retailers have their product manufactured.

Table 27: National brand apparel manufacturer company information

Company Information: Apparel Manufacturers (National Brand Only)	**Company S**	**Company T**	**Company U_a**
Percent of business that is private label	0%	0%	0%
Brand strategy used according to three categories: Good, Better, Best	• Good • Better	• Good • Better • Best	• Good • Better • Best
Private label development strategy	• Design, product development, sourcing, all in-house • Owned and non-owned factories	• Internally develop and source product • No owned factories	• Created from concept to consumer all in-house
Reason for which private label strategy was implemented	• No private label	• No private label	• No private label

Table 27 continued: National brand apparel manufacturer company information

Company Information: Apparel Manufacturers (National Brand Only)	**Company U_b**	**Company V**
Percent of business that is private label	0%	0%
Brand strategy used according to three categories: Good, Better, Best	• Good • Better • Best	• Best
Private label development strategy	• Created strictly internally from the ground up	• Product is designed and sourced in-house
Reason for which private label strategy was implemented	• No private label	• No private label

Apparel Manufacturer (National Brand Only) Comparison: Findings

The initial company descriptions show no distinct differences.

Table 28: Mixed brand apparel manufacturer company information

Company Information: Apparel Manufacturers (Mix)	**Company W**	**Company X**	**Company Y**
Percent of business that is private label	• 0% • Proprietary brands	• 70%	• ~75%
Brand strategy used according to three categories: Good, Better, Best	• Good • Better • Best	• Good • Better	• Good • Better • Best
Private label development strategy	• Developed from the ground-up in house	• Responsible for concept to consumer • Don't source product for those that have already designed/developed	• Have all functions in-house, but can/do just offer sourcing services
Reason for which private label strategy was implemented	• Did not want to use national brands in chain and discount stores • Proprietary brands enable leverage of company name, but no deterioration of national brands	• Founded the company in this manner	For Company Y: • To keep the factories full For Retailers: • Better margins • Control over advertising and price • Consumers cannot make a direct comparison of product from store to store • Control target range • Brand loyalty/exclusivity • Better ability to reach the target customer

Table 28 continued: Mixed brand apparel manufacturer company information

Company Information: Apparel Manufacturers (Mix)	**Company Z**	**Company AA**	**Company BB**
Percent of business that is private label	• 15-20%	• 6%	60%
Brand strategy used according to three categories: Good, Better, Best	• Good • Better	• Good • Better	• Good • Better • Best
Private label development strategy	• Act as both an agent and all the way from the ground up	• All in-house	• All in-house
Reason for which private label strategy was implemented	• To fill excess capacity • Have used more of a pull strategy	• Add-in business • Make little money • Use excess capacity/ benefit from economies of scale	• Intention is to deliver the right product at the right time, at the right place, and the right price – can do that through private label

Apparel Manufacturer (Mix) Comparison: Findings

The percentage of business done by apparel manufacturers with private label retailers varies from approximately 6 percent to 75 percent. The manufacturers in this sample have varying strategies in which they act as simply an agent or can develop the product from the ground up. Also showing disparity is the reason for which they implement private label strategies. Three different reasons emerged: 1) To use excess capacity and capitalize on economies of scale; 2) It was the reason for which the business was first created (private label from the start); and 3) It is a means by which a brand can be leveraged across a variety of channels through the use of a sub-brand or proprietary brand and not dilute the brand equity.

Table 29: Apparel agent company information

Company Information: Agents	**Company M**	**Company N**
Percent of business that is private label	95%	95% private label – 60-70% proprietary – 30-40%
Brand strategy used according to three categories: Good, Better, Best	• Good • Better • Best	• Good • Better • Best
Private label development strategy	• Involved in innovation of the product (finishes, findings, etc.) • Solely responsible for sourcing	• When working as an agent, will aid firms with concept to consumer (product development through delivery) • When dealing with wholesale business, it is entirely in-house design and sourcing
Reason for which private label strategy was implemented	• Developed by private label retailer (agent) • For retailers it varies: • Mass is trying to take pennies out of the supply chain • Specialty is trying to chase business (50% of business is chase)	• Began as an agent to private labels (agent) • Margins – not concerned with loyalty (retailers) • Private label can be done two ways – achieve a good product with low margins or get low cost product with high margins

Agent Comparison: Findings

The percentage of business done by both agents with private label retailers is 95 percent. The reason for which the agents have entered private label varies – Company M was created by a private label retailer to serve as their agent and Company N is an independent agent founded primarily to source/develop private label product. Also differing is the private label development strategy – both firms have the capability and typically develop product from the ground up, however, Company N also has a wholesale business for which they are responsible.

Table 30: Discount apparel retailer company information

Company Information: Retailers – Discount	**Company D**
Percent of business that is private label	70%
Brand strategy used according to three categories: Good, Better, Best	Good, Best
Private label development strategy	• 75-80% is sourced direct by firm • Currently working on taking more product direct
Reason for which private label strategy was implemented	• A better value equation can be offered to the customer • Retailer can receive higher margins for product • Have complete control of product, cost, etc.

Discount Retailer Comparison – Findings

Company D was the only mass retailer interviewed. Of interest in their strategy is the lack of product in the "better" category. Although the rationale for this missing product was not discussed, it is potentially due to a lack of consumer demand for the mid-tier category.

Table 31: Chain store retailer company information

Company Information: Retailers - Chain	Company A	Company B	Company C
Percent of business that is private label	50%	26%	44%
Brand strategy used according to three categories: Good, Better, Best	• Good • Best	• Good • Better • Best	• Good • Better • Best
Private label development strategy	• 75-80% is sourced direct by firm • In-house design team recently developed • 20-25% of product acquired/designed through agents	• Has limited in-house design and sourcing capabilities • Works primarily with agent to develop and acquire lines • Recently hired in-house trend and design team in an effort to move toward full in-house capabilities	• Has complete in-house capabilities to design/develop/source product
Reason for which private label strategy was implemented	• Many of the leading national brands refuse to sell to chain stores, resulting in few options for the consumer • Private labels can offer the consumer a higher level of value (price/quality equation) since the middleman	• Increased margins and overall control over the price • Less overall competition, as you do not have to go head-to-head with identical product offerings • Creates the ability to create a better product for the consumer at a better price point	• Selling under the store names helps customers know they are getting a good value (price/quality combination) • In the past, have had issues with acquiring access to leading national brands, forcing them to seek alternative product that will satisfy customer needs (private label) • Now has the capability to develop and source everything without an agent, making it much more profitable

Chain Retailer Comparison – Findings

The percentage of private label product held by chain store retailers varies from approximately 26 percent to 50 percent. The product offerings vary for Company A as no "better" price point denim is carried as a private label. The private label development strategy also varies greatly and offers three different approaches: 1) Complete development of private label product in-house (Company C); 2) Primary development of product in-house, but difficult product sourced through agents; 3) Limited in-house design and sourcing capabilities, use of agents essential. Disparity also emerges in the reason for which private label programs were introduced for each retailer. Companies A and B both said that by offering private label they can create a better value proposition for the consumer, while Company C stated that they are able to make the product more cost effectively and can therefore be more profitable. Similarly Companies A and C said that they have had difficulty acquiring access to key national brands and were driven to own-label product as a means of meeting consumer demand.

Table 32: Specialty store retailer company information

Company Information: Retailers – Specialty	Company G	Company H	Company I
Percent of business that is private label	100%	100%	100%
Brand strategy used according to three categories: Good, Better, Best	• Better/best	• Better/best	• Good, Better, and Best (Value product, not budget)
Private label development strategy	• Majority of product is designed and sourced in-house	• Have the design, merchandising, and product development functions in-house, but work with agents on much of the sourcing	• All of product is created and sourced in-house
Reason for which private label strategy was implemented	• Differentiation of product • Margin • No price wars because consumer cannot make a direct price comparison	• You have the store, so you can do more • You can control the entire environment – this is another dimension that will attract customers and create loyalty	• You can develop a destination – all about branding – tough to buy different lines and keep consistent image • Private label is more cost efficient – receive the best margins

Table 32 continued: Specialty store retailer company information

Company Information: Retailers – Specialty	Company J	Company K
Percent of business that is private label	100%	50%
Brand strategy used according to three categories: Good, Better, Best	Good, Better and Best (three different lines)	Better
Private label development strategy	• Majority of the product is developed in-house from the ground up (selecting all trims, fabrics, etc.) • Some product (less expensive) is sourced full package with product specs and the selection of components left to the full package agent	• All private brands are created in-house • Little work is done with an agent if skill is not available within the firm
Reason for which private label strategy was implemented	• Company J was not getting the product that consumers were asking for • Supplier(s) to Company J felt that they were losing too much control of the brand • Was a gradual shift to private label over time	• Holes in product offering • Can create/make product better than what is currently being offered

Specialty Retailer Comparison – Findings

The percentage of private label product held by specialty store retailers varies from approximately 50 percent to 100 percent. When comparing the product strategy of the five retailers, it varies greatly in that some retailers offer all three product classes (good, better and best), while others strictly present product in a single category. Similarly, all retailers have extensive design and sourcing capabilities in-house, with limited use of agents. The key reasons for which private label programs are implemented vary as well, but have some overlap: 1) Margins; 2) Differentiation; 3) No direct comparison of product or price; 4) Control over product and store environment; 5) Fill holes in product offering; and 6) Better able to create/make product than national or private label manufacturers.

Table 33: Department store retailer company information

Company Information: Retailers – Department Stores	**Company E_a**	**Company E_b**	**Company F**
Percent of business that is private label	17.5%	17.5%	15-20%
Brand strategy used according to three categories: Good, Better, Best	• Average • Avoid premium and budget merchandise	• Good/Average	• Best/Premium
Private label development strategy	• Use outside designers and agents • Requires in-house merchants	• Use outside designers and agents • Requires in-house merchants	• Have in-house design, technical design, merchandising, production planning, quality, social responsibility, customs compliance, packaging and logistics departments
Reason for which private label strategy was implemented	• The company makes more money • Have control over the supply chain • Build brand loyalty • Avoid having identical product as other department stores	• Gross margins are higher • National brands still get people in the door, but have limited eliteness – private labels offer exclusivity	• Exclusivity of product • Quality control

Department Store Retailer Comparison – Findings

The percentage of private label product held by department store retailers varies from approximately 15 percent to 20 percent. When comparing the product strategy of the two retailers, it varies greatly in that one retailers offer all good and better price point product while the other strictly offers premium product. Also differing, Company E has no/little design and sourcing capabilities and works primarily with an agent, while Company F has complete control of design, merchandising and sourcing of the product. The key reasons for which private label programs are implemented are similar in exclusivity of product, quality control and margins.

Brand Loyalty

Tables 34 – 42 explain the presence and importance of brand loyalty for private labels and national brands as described by the interviewees. This section accomplishes Goal 1 of Phase 2.

Table 34: Brand loyalty – fiber

Brand Loyalty: Fiber	**Company L**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	N/A
Success of private labels with creating loyalty	• Some retailers firmly believe in Company L's product(s) and are willing to pay a premium – they are very loyal • Others are more price conscious and are not at all loyal
Comparison of loyalty associated with national brands and private label	• If you stakeout a position and develop a product that meets the lifestyle needs of a customer then you will create loyalty • Right price point is still necessary • Depends on the retailer's strategy – how much money you can put into the development/marketing • Once private label is firmly established then could collect loyalty and reap greater margins • Fit continues to be a huge issue – Consumers become loyal to the fit – consistency is key
Means of measuring brand loyalty	• None

Brand Loyalty Findings: Fiber

Fiber manufacturers find that some retailers and apparel manufacturers truly are loyal to their product and are willing to pay the premium associated with the quality and brand name. When discussing the loyalty of consumers to end-use product, Company L felt that private label has the opportunity to be equally as successful as national brands if they are capable of creating a product that fits the customer's needs, has a good fit and a good value proposition.

Table 35: Brand loyalty – denim

Brand Loyalty: Fabric	**Company O**	**Company P**	**Company Q**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	6	N/A	N/A
Success of private labels with creating loyalty	• Very low	• Only a few private labels have been successful in getting their product and marketing correct and consequently do not have the loyalty	• Very successful in some cases • It depends on the marketing and consumer perception of the brand
Comparison of loyalty associated with national brands and private label	• Private label is price driven • Price is important to national brands, but they are more loyal overall (retailer to manufacturer)	• National brands typically have more loyalty • With private label you are limited by the number of doors the retailer owns, but with national brands you have much more product and stores accessible	Varies Depends on advertisements, retailer, etc.
Means of measuring brand loyalty	• Some NPD, but very little measurement	• N/A	• None

Table 35 continued: Brand loyalty – denim

Brand Loyalty: Fabric	**Company R**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	N/A
Success of private labels with creating loyalty	• Loyalty of retailers and manufacturers/marketers to Company R is nonexistent • In the past they were extremely loyal • Some/limited loyalty by national brands • Private label loyalty really depends on the management at retail
Comparison of loyalty associated with national brands and private label	• National brand manufacturers are more loyal than private label retailers • Consumer loyalty to brands depends on where the brand fits in on the "hierarchy of coolness" • Every brand has a certain loyal customer
Means of measuring brand loyalty	• N/A

Brand Loyalty Findings: Fabric/Denim

All companies felt that loyalty to denim manufacturers by downstream members of the supply chain was quite low, but national brand manufacturers were at times more loyal. The level of loyalty by consumers to end-use private label product, however, did not result in such a consensus. Denim manufacturers felt that national brands most often had a higher level of brand loyalty, but all brands have some loyal customers. Other drivers of brand loyalty include advertisements/marketing, the number of doors you own and the price you charge customers. Finally, when asked about measuring brand loyalty, all but one manufacturer had no means of quantifying their customers' loyalty.

Table 36: Brand loyalty – apparel manufacturers (national brand)

Brand Loyalty: Apparel Manufacturers (National Brand Only)	**Company S**	**Company T**	**Company U_a**
Importance of brand loyalty to national brand competitive strategy (scale of 1-7)	N/A	7	7+ (most important)
Success of national brands with creating loyalty	• Great • Authenticity of brand and innovation is what causes loyalty • High level of trust with product that guides loyalty	• Varies, depends on the brand	• Good/Successful
Comparison of loyalty associated with national brands and private label	• National brands have much more loyalty – don't see any loyalty to private label competitors	• National brands have a much better ability to achieve and maintain brand loyalty • National brands commit time, money, and effort to promote and advertise their product • Private label does not put that many resources into it	• Varies, but typically more for national brands

Table 36 continued: Brand loyalty - apparel manufacturers (national brand)

Brand Loyalty: Apparel Manufacturers (National Brand Only)	**Company U_b**	**Company V**
Means of measuring brand loyalty	• None	• How well-known the brand name is • Conduct external market research • Know sell-through • Can follow up with focus groups (consumer perception, emotional appeal, likely purchase decisions) annually or semi-annually • Helps build brand equity, notability, and better service demand
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	6.5	N/A
Success of private labels with creating loyalty	• National brands have been very successful	• National brands are hugely successful
Comparison of loyalty associated with national brands and private label	• National brands have more loyalty • Been around longer and have good, long lasting reputations • Consumers have a strong perception • Greater name recognition	• National brand loyalty is stronger • National brands have a stronger image associated with them and consumers want to show off their status or style with those brands • Value drives loyalty • Brand works in conjunction with lifestyle and attitude
Means of measuring brand loyalty	• Consumer Insight Department • Look at customer satisfaction, loyalty indices, etc. • Does not receive any of the information though	• At owned stores and online, can track loyalty very aggressively • Tough to get idea about department stores though because they do not share customer information, just sales

Brand Loyalty Findings: Apparel Manufacturers (National Brand Only)

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 6.5-7. Such numbers imply that brand loyalty is extremely important to national brands. When comparing brand loyalty of national brands versus private labels, it was unanimous that national brands are hugely successful, significantly more so than private labels. The reasons given for this heightened loyalty are: 1) a higher level of resources applied to national brands – marketing, advertising, technology, fit, etc.; 2) More recognition by consumers; 3) Longevity; 4) Strong image, lifestyle, and status associated with the brands; and 5) Offers more value. Moving further down the supply chain, the level of consumer loyalty research has improved. National brand apparel manufacturers use both quantitative and qualitative measures, as well as primary and secondary means of measuring their consumer's purchase intent, brand knowledge, and emotional appeal.

Table 37: Brand loyalty – apparel manufacturer (mixed brands)

Brand Loyalty: Apparel Manufacturers (Mix)	**Company W**	**Company X**	**Company Y**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	N/A	6	5
Success of private labels with creating loyalty	• Little or no loyalty in any category from any member of the supply chain	• Fairly loyal if deliver well and product is selling. If not, they will drop you quickly – Margin is still the driver (retailer to company) • Positive, more effective than just carrying national brands (consumer) • Brand loyalty is not the driver for implementation though, it is the margins (consumer)	• Little or no loyalty at any level of the industry • Retailers are not loyal to agent/private label manufacturer • Consumers are not loyal to brand
Comparison of loyalty associated with national brands and private label	• Consumers have little/no loyalty to any brand • Consumers have great affection for brands, just not loyalty	• Very little loyalty exists for any class • If you don't produce revenue then they'll drop you • Only loyal to brands if consumers force them to be	• Same at both levels – it all depends on the brand • Loyalty is really a fit issue. Once you develop a fit that works, then loyalty will be obtained
Means of measuring brand loyalty	• Internal team that analyzes brand loyalty • Looks closely at brand preference	• None/Little	• N/A

Table 37 continued: Brand loyalty - apparel manufacturer (mixed brands)

Brand Loyalty: Apparel Manufacturers (Mix)	**Company Z**	**Company AA**	**Company BB**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	N/A	6	7
Success of private labels with creating loyalty	• Depends	• Customers are more concerned with qualities such as appearance, touch, price, brand comes in later	• For Company BB with retailers: • Private label and national brand retailers are very loyal to the company • Consumers: • Because of exclusivity of private labels, often have higher levels of loyalty
Comparison of loyalty associated with national brands and private label	• Depends on the execution of the private label • Some retailers are quite successful with the product, marketing, etc.	• Loyalty depends on the strength of the brand • Could be either national brand or private label	• Consumers have a higher level of loyalty to private labels
Means of measuring brand loyalty	• N/A	• STS, NPD, other quantitative, secondary measures • Focus groups	• No means of measuring brand loyalty

Brand Loyalty Findings: Apparel Manufacturers (Mix)

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. Such numbers imply that brand loyalty is extremely important to mixed manufacturers (though not as important as to national brand manufacturers). When comparing brand loyalty of national brands versus private labels, it was unanimous that consumers have little or no loyalty to *any* brands. Consumers are only loyal to such product aspects as fit and price, occasionally they will find some loyalty to a marketing/advertising campaign, but overall, little loyalty exists by consumers. Mixed brand apparel manufacturers are not likely to measure brand loyalty with 4 out of the 6 interviewed not having any quantifiable measures in place.

Table 38: Brand loyalty – agents

Brand Loyalty: Agents	Company M	Company N
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	3 – retailer to agent	4 – private label 4 – proprietary 6 – national brand
Success of private labels with creating loyalty	• Varies by the label / strategy of the retailer	• Private labels have very little success in creating brand loyalty • Loyalty is actually to the store
Comparison of loyalty associated with national brands and private label	• Loyalty is going to vary from brand to brand • The key is an emotional connection • Private label programs that are successful with the connection results in loyalty and increased traffic	• Much more loyalty and awareness to national brands • Few nationally recognized brands are in stores anymore
Means of measuring brand loyalty	• N/A	• Conducts many brand awareness polls to determine level of customer knowledge and purchase intent for given brands

Brand Loyalty Findings: Agents

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 4-6. Such numbers imply that brand loyalty is not extremely important to agents. When comparing brand loyalty of national brands versus private labels, Company M felt that loyalty varies from brand to brand and it is really more a function of the emotional connection the brand is capable of, not the category of brand (private label or national brand). Company N, however, felt that there is very little loyalty to any brand, but there is much more awareness and loyalty for national brands when compared with private label. Only one of the companies actually measures brand loyalty.

Table 39: Brand loyalty – discount retailer

Brand Loyalty: Retailers - Discount	**Company D**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	5
Success of private labels with creating loyalty	• Limited success • Does not have many brands that actually bring the customer into the store • Have had most success with those brands that are named after/endorsed by celebrities
Comparison of loyalty associated with national brands and private label	• National brands have much more loyalty • National brands have had more consistent product offerings, brand image, etc. this has resulted in more loyalty to their product
Means of measuring brand loyalty	• Limited means of measuring private label loyalty

Brand Loyalty Findings: Discount Retailer

The discount retailer ranked the importance of brand loyalty to the company's competitive strategy as a 5 (on a scale of 1-7 with 1 being not at all important and 7 being extremely important). Company D has experienced limited success with private label loyalty, as it has not been overly successful in bringing customers into the store. Overall, national brands have much more brand loyalty because of more consistent product offerings and brand image. Finally, Company D does not measure brand loyalty.

Table 40: Brand loyalty – chain store retailer

Brand Loyalty: Retailers - Chain	Company A	Company B	Company C
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	7	5	N/A
Success of private labels with creating loyalty	• The success of the private label varies by the brand • Have seen much success with brands developed under celebrity names, as well as brands that have been acquired • Largest struggle has been with inconsistent product offerings	• Provides a huge/great effect on customer loyalty to private labels	• Not high • Private label consumers are looking for quality and value, that is what drives them to buy private labels • Under 25% of private label consumers are truly loyal
Comparison of loyalty associated with national brands and private label	• There is much more loyalty for national brands than private labels	• National brands have a higher level of loyalty • National brands use much more marketing • Consumers find comfort in the brand name, as it has more notoriety and longevity	• Loyalty between the two brand types varies • The two customers are entirely different • Overall, though, better for national brands
Means of measuring brand loyalty	• Little/None • Unknown	• Focus group • NPD data	• Track the very loyal customers • Track most profitable customers • Both through use of internal systems • Focus groups • Customer panels

Brand Loyalty Findings: Chain Store Retailer

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. Such numbers imply that brand loyalty is fairly important to chain store retailers. When looking at the success of private labels in all three retailers, two out of three retailers felt that their strategy was very successful, the third that that the success was not high. When comparing brand loyalty of national brands versus private labels, it was unanimous that national brands are hugely successful, significantly more so than private labels. The reasons given for this heightened loyalty are: 1) higher levels of marketing; and 2) comfort in the notoriety of the national brand name. Sixty-seven percent of chain store retailers measure brand loyalty through primary, secondary, quantitative and qualitative measures, while the third retailer has no quantifiable measures in place.

Table 41: Brand loyalty – specialty store retailer

Brand Loyalty: Retailers – Specialty	Company G	Company H	Company I
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	7	7	6
Success of private labels with creating loyalty	• Extremely successful • 90% of sales come from loyalty program members	• Very successful	• Successful
Comparison of loyalty associated with national brands and private label	• Not sure about the actual numbers, but definitely private labels have more loyalty	• Brand loyalty is very fickle • Given certain price points, the consumer will switch • New trends will cause consumers to switch	• Unknown
Means of measuring brand loyalty	• Statistics from the loyalty club are analyzed, as is check-out data	• Focus groups • Concept groups	• Loyalty club members are used to measure overall loyalty

Table 41 continued: *Brand loyalty - specialty store retailer*

Brand Loyalty	Company J	Company K
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	Unknown	7 (store itself) 5 (brands)
Success of private labels with creating loyalty	• Very successful – it has become a national brand through credibility, notoriety and recognition	• Not really sure
Comparison of loyalty associated with national brands and private label	• National brands might be able to process information on consumers more quickly and create corresponding product • Cannot say one is more successful than another at creating loyalty	• Equal levels of loyalty exist with their customers
Means of measuring brand loyalty	• Poll consumers in stores and get scientific feedback • Use 3rd party sources – Cotton Incorporated, NPD, advertising agencies	• Make no attempt at this

Brand Loyalty Findings: Specialty Store Retailer

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 6-7. Such numbers imply that brand loyalty is extremely important to specialty store retailers. When looking at the success of private labels in all five retailers, four out of five retailers felt that their strategy was very successful, the fifth was unsure of the level of success. When comparing brand loyalty of national brands versus private labels, only one retailer was able to say that private labels have more loyalty. The four remaining retailers were unsure or felt that there were equal levels of loyalty between the two brand types. 80% of specialty store retailers measure brand loyalty through primary, secondary, quantitative and qualitative measures, while the fifth retailer has no quantifiable measures in place.

Table 42: Brand loyalty – department store retailer

Brand Loyalty: Retailers – Department Store	**Company E_a**	**Company E_b**	**Company F**
Importance of brand loyalty to private label competitive strategy (scale of 1-7)	7 (store) 4 (brands)	7	7+
Success of private labels with creating loyalty	• Retailer is gaining loyalty because of brand and because of price points • The consumer is being offered what they don't normally see	• Not all that much loyalty to the brand is created, but there is some • More loyalty is actually created for the store • Loyalty is driven by price	• The private label offers premium quality, as well as value and selection, all resulting in customer loyalty
Comparison of loyalty associated with national brands and private label	• National brands have much higher loyalty - they have greater exposure to the consumer	• National brands have a higher level of loyalty	• If a brand is maintained correctly the customer is loyal to the "brand" be it national or private label • Striving to keep a brand's fit, quality and image standardized creates brand loyalty • The customer wants to be able to rely on these standards
Means of measuring brand loyalty	• Rewards program • Marketing team responsibility	• Believes there to be something in place, but not much is shared with him or his department	• Frequency of purchase by a consumer • Exclusivity of a consumer's purchases • All can be measured internally by purchase data

Brand Loyalty Findings: Department Store Retailer

When ranking the level of importance of brand loyalty to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 4-7. Such numbers imply that brand loyalty varies significantly for department store retailers. When looking at the success of private labels in both retailers, only Company F felt that their strategy was successful, the other felt that loyalty is created for the store, not the brand. When comparing brand loyalty of national brands versus private labels, Company E felt that national brands have a much higher level of loyalty while Company F felt that if executed properly, both have an equally likely chance of gaining the consumer's loyalty. Both retailers measure brand loyalty through primary, secondary, quantitative and qualitative measures, however, Company E does not communicate all data to members of the firm.

Brand Loyalty Findings: Differences Among Sectors

The largest discrepancy in data among the six supply chain members is the level of importance and customer loyalty research they conduct. The further down the supply chain (closer to the consumer), the more likely such research will be conducted. Perhaps the most startling is the difference in research between the national brand apparel manufacturers and the mixed apparel manufacturers – the national brands find customer loyalty to be a significantly higher priority and consequently have much more extensive research capabilities.

Supply Chain Management

Tables 43 – 51 explain the presence and importance of supply chain management for private labels and national brands as described by the interviewees. This section accomplishes Goal 2 of Phase 2.

Table 43: Supply chain management – fiber

Supply Chain Management: Fiber	**Company L**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	N/A
Steps in the supply chain (from concept to consumer)	N/A
Private label production timeline	N/A
Communication/Collaboration/ Information Sharing	N/A
Advantages created from supply chain control	• Have inventory control – can see what is or is not being sold (product flexibility) • Advertisements are under control • More vendor management
Speed to market – National brands versus private label	N/A
Effect of private label programs on upstream supply chain members	N/A

Supply Chain Findings: Fiber

The supply chain management rationales defined by fiber manufacturers as incentives for retailers to implement private label programs include: 1) Having more control over inventory – the retailer can better see what is/is not being sold and can compensate for this; 2) Can control advertisements; and 3) have more/greater vendor management.

Table 44: Supply chain management – denim

Supply Chain Management: Fabric	**Company O**	**Company P**	**Company Q**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	7	N/A	N/A
Steps in the supply chain (from concept to consumer)	• Find a need in the market and then develop from there • Used to be a shotgun approach in which many fabrics would be developed and then pushed on buyers, now time/money does not allow this strategy	• N/A	• Input from customer and input from marketplace • Work 6-8 months ahead • Running new samples • Trying new dye shades and finishes
Private label production timeline	• Can turn out a product in as little as a few weeks (not average though)	• Move toward one month • Currently at 29-30 weeks • Run one sample in a month currently	• 6-7 weeks (from scratch to fabric to consumer)
Communication/Collaboration/ Information Sharing	• Very high level of communication/collaboration at the product development level • Must have constant communication to shorten the product development time • Information sharing is significant to developing long-term relationships with retailers • High level of trust	• Constant with wash facilities, mills, retailers, merchants, etc.	• Constant – talk daily with retailers and manufacturing facilities • Receive much information from retailers in the form of trend forecasts and point-of-sale systems – helps respond to demand

Table 44 continued: Supply chain management – denim

Advantages created from supply chain control	• More leverage • More control of design and product offering	• Stronger ability to chase business	• Private label is more price oriented • Many try to buy cheaply, but can really result in poor quality and poor product
Speed to market – National brands versus private label	• Same	• Same	• Same
Effect of private label programs on upstream supply chain members	• Good as there is more collaboration and specificity to certain product	• Easier for brands to be successful without an agent • Agents cannot bring much to the value equation	• N/A

Table 44 continued: Supply chain management – denim

Supply Chain Management: Fabric	**Company R**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	N/A
Steps in the supply chain (from concept to consumer)	• From scratch it begins with the yarn and then on… • The majority of the time the product is a direct knock-off made at the retailer's request
Private label production timeline	• 1-6 months depending on the complexity and need for speed
Communication/Collaboration/ Information Sharing	• There is never enough communication and collaboration • The more that you are in tune with each other, the better the supply chain works • There is often too much information withheld – this is pointless as everyone has the common goal of selling jeans
Advantages created from supply chain control	• Margins are increased
Speed to market – National brands versus private label	• Same
Effect of private label programs on upstream supply chain members	• N/A

Supply Chain Findings: Fabric/Denim

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) only one denim manufacturer actually quantified the importance, however, all responses implied that supply chain management is imperative to the performance and success of their business. When comparing denim production timelines, the responses varied considerably with a range of 1-8 months depending on the demand for speed to market. The level of communication and collaboration seems to have a correlation with the ability to manufacture and finish a product to the retailers and manufacturers specifications. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) More leverage with the suppliers; 2) More control of design and product offerings; 3) Stronger ability to chase business; and 4) Higher margins. The effect of private label programs on denim manufacturers can be both positive and negative as there may be better communication and collaboration or a desire to capitalize on retail leverage and drive prices down.

Table 45: Supply chain management – apparel manufacturers (national brands)

Supply Chain Management: Apparel Manufacturers (National Brand Only)	**Company S**	**Company T**	**Company U_a**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	N/A	5	5
Steps in the supply chain (from concept to consumer)	• Design → Product development → Sourcing	• N/A	• Brand manager evaluates the line (looks for gaps in merchandise offerings, consider product life cycle studies gap in price points) • Design and merchandising (Work with mills and technical designers) • Review product offering with brand manager • Costing • Take to retailers • Production
Private label production timeline	• 1 year (52-54 weeks)	• 10 ½ months (traditional product) • 7 weeks (fashion products)	• 6-7 months

Table 45 continued: Supply chain management - apparel manufacturers (national brands)

Communication/Collaboration/ Information Sharing	• No financial/sales information is shared • Share everything with respect to construction • With own factories, share everything (financial and construction)	• Great communication with manufacturers • Subscribe to develop at source/design at source (send designers to source and then product is developed on-site) • More involved and directive with large and core volume • With retailers, not a lot of direct contact • Sales force and merchants work with retailers • Information sharing from retailers – weekly sell-through of product • Information sharing to retailers – look for trends at/for next season then float the ideas into key customers	• 50/50 production strategy (50% sourced and 50% owned) • Information sharing when dealing with long-term relationship firms is almost transparent in cost and pricing • Considerably less information is shared when seasonal because of limited history or trust
Advantages created from supply chain control	• National brands manage every aspect of the product • With private labels, retailers tell agents/vendors this is what I want and have little/no hands-on work	• Private labels don't have knowledge of the supply chain like national brands • Private labels don't understand technical aspects	• National brands are more likely to use Mexico and Central America (have a variety of firms to use), so have better speed to market and ability to replenish weekly

Table 45 continued: Supply chain management - apparel manufacturers (national brands)

Speed to market – National brands versus private label	• National brands are slower than private label • Private label must have a tighter shipping date • Private label does not have much innovation	• National brands are quicker • They know what is going on in the market place better • National brands are less risk averse	• National brands are faster
Effect of private label programs on upstream supply chain members	• Maintain strong, long-term relationships with vendors	• N/A	• Very good with those firms that have a long-term relationship with the company

Supply Chain Management: Apparel Manufacturers (National Brand Only)	**Company U_b**	**Company V**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	7+	N/A
Steps in the supply chain (from concept to consumer)	• Initiated through merchandising (working with retailers) • Connected to marketing (bring in after development) • Work with sourcing from beginning	• Inspiration • Design • Merchandising • Supply chain/Production • Retail
Private label production timeline	• 2+ months (quick response) • 12 months (typical)	• 1 year • Tried shortening time line, but was not successful

Table 45 continued: Supply chain management - apparel manufacturers (national brands)

Communication/Collaboration/ Information Sharing	• Lots of communication to reduce lead times • Share information with contractors as much as possible	• Have a true partnership with most retailers and share all data (both directions)
Advantages created from supply chain control	• Experience is greatest asset • Huge help when problems arise • Response time is very important	• Can obtain desired product/quality
Speed to market – National brands versus private label	• Difficult to say because the need to bring quickly to market is not there for many private labels	• Unknown
Effect of private label programs on upstream supply chain members	• Good relationships with those that have strategic alliances or long-term relationships	• Good relationships with those long-term firms in the supply chain

Supply Chain Findings: Apparel Manufacturers (National Brand Only)

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. When comparing jean production timelines, the responses varied considerably with a range of 7-54 weeks depending on the demand for speed to market (fashion versus replenishment products). The level of communication and collaboration varied with some manufacturers feeling that they had a "true partnership" with their vendors, while others were reluctant to share information that they deemed proprietary. When asked about the supply chain benefits gained by retailers as a result of national brand programs responses included: 1) National brands manage every aspect of the product, while private label retailers tell vendors/agents what they want, having little/no hands-on work; 2) Private labels do not have the technical knowledge of the supply chain that national brands do; 3) National brands have better speed to market than private labels because they are more likely to use Central American and Mexican vendors; 4) Experience; 5) Better response time to demand and problems. The ability to respond quickly to demand is another issue that national brand apparel manufacturers had conflicted viewpoints on with some feeling that national brands were/are more quick to respond while others felt that private labels had more speed to market. The effect of private label programs on upstream supply chain members was said to be quite positive as they had strong communication and information sharing, as well as long-term relationships.

Table 46: Supply chain management – apparel manufacturer (mixed brands)

Supply Chain Management: Apparel Manufacturers (Mix)	**Company W**	**Company X**	**Company Y**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	N/A	5.5	7
Steps in the supply chain (from concept to consumer)	• N/A	• Concept • Sketch • Sub-contract/ manufacture • Prototype • Occasional prototype/ sample in-house • Changes made to fit and style • Salesman samples • Show at market • Orders at retail • Buy full package	• Shop Europe, West Coast, Miami (design team) • Develop fashion overview to kick off a season for the retailer • Retailers develop product package (finish, swatches, etc.) • Work with manufacturing/ vendors
Private label production timeline	• N/A	• 15 weeks – 9 months	• 2-6 months

Table 46 continued: Supply chain management - apparel manufacturer (mixed brands)

Communication/Collaboration/ Information Sharing	• The relationships really vary according to the retailer or manufacturer	• Huge level of communication with retailers – retailers typically have company make knock-offs • Little information sharing with private labels, better with national brands • Only share enough information with manufacturers to get by • Very little replenishment business, so do not need to work together	• Work very closely with merchants • Vendor managed and have a great deal of information sharing/collaboration
Advantages created from supply chain control	• It is very difficult for retailers to get good people in to design and manufacture their product – national brands do not have this problem	• Run shorter supply chain because don't have to wait for others to buy (take one step out of the equation)	• Supply chain management is very important because you want to always be in-stock, you can control this by controlling the supply chain
Speed to market – National brands versus private label	• Same	• Private labels are quicker to market	• Same
Effect of private label programs on upstream supply chain members	• N/A	• N/A	• N/A

Table 46 continued: Supply chain management - apparel manufacturer (mixed brands)

Supply Chain Management: Apparel Manufacturers (Mix)	**Company Z**	**Company AA**	**Company BB**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	N/A	6	7
Steps in the supply chain (from concept to consumer)	• N/A	• Retailer gives overall direction/trend • Create samples • Approved by retailers • Manufacturer	• Pre-concept • Concept • Development of prototype • Testing • Engineering the product • Launching
Private label production timeline	• Typically one year	• One year	• Varies
Communication/Collaboration/ Information Sharing	• EDI • POS • Company is not technologically savvy though • Currently does not get polling information in order to be proactive	• Weekly discussions with retailers and manufacturers • Great amount of information shared – share gross sales with upstream quarterly	• High levels of communication • Collaborative working, joint problem solving and planning improves the odds of new product success • Early involvement is crucial by all parties to launch a new product

Table 46 continued: Supply chain management - apparel manufacturer (mixed brands)

Advantages created from supply chain control	• Inventory control is very quick	• On-time delivery • Gain reputation for right price at right place • More preferred space = more sales = more money	• Lower the costs of goods and services • Increase revenue potential through quicker introduction of services and solutions • Enable a higher level of customer service by leveraging the supply relationships and systems • Improve the quality through the best specifications and superior supplier performance • Cost reductions
Speed to market – National brands versus private label	• Same	• Same for both national brands and private labels	• Same
Effect of private label programs on upstream supply chain members	• Form strategic alliances (~70% of business) • Contract and handshake agreements • Exclusive agreements	• Long-term • Representative of Company AA in every plant • Work with corporate planner	• Long-term relationships • 20-30 year long relationships with many supply chain members • 80% of business is done with 10 clients

Supply Chain Findings: Apparel Manufacturers (Mix)

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5.5-7. When comparing jean production timelines, the responses varied considerably with a range of 8-54 weeks depending on the demand for speed to market (fashion versus replenishment products). The level of communication and collaboration varied. Some manufacturers had different relationships with different vendors – if they were long-term and reliable vendors then they would receive proprietary information, otherwise, they would share considerably less. Others were willing to share information with downstream supply chain members, but not those that were further upstream. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) Better design teams; 2) Ability to run shorter supply chains (take one step out of the equation); 3) Better ability to maintain in-stock rates; 4) Lower cost of goods sold; 5) Increased revenue potential through quicker introduction of services and solutions; 6) Enable a higher level of customer service by leveraging the supply relationships and systems; 7) Improved quality; and 8) More on-time deliveries; 9) Have more "preferred space." Most mixed apparel manufacturers felt that the ability of private labels to respond to demand is similar to national brands. The effect of private label programs on upstream supply chain members was said to be quite positive as most were involved in long-term relationships as well as exclusive agreements.

Table 47: Supply chain management – apparel agents

Supply Chain Management: Agents	Company M	Company N
Importance of supply chain management to private label competitive strategy (scale of 1-7)	6	7
Steps in the supply chain (from concept to consumer)	• Two step process • Step 1: Idea to concept (fabric, make, finishing, etc.) • Step 2: Bulk execution (sourcing, etc.)	• N/A
Private label production timeline	• 6-8 months • Innovation is a 3 month process • Transportation is a 3-4 month process	• 90-120 days depending on communication and cooperation • Could do it faster, but retailers are slow at making decisions • Retailers take 6-9 months
Communication/Collaboration/ Information Sharing	• There is almost a transparency with all of Company M's customers • This enables both firms to better match business needs at retail	• Often Company N is considered an extension of a retailer • Different relationship than simply a vendor would have • 8-10 face-to-face meetings a year
Advantages created from supply chain control	• Retailers are much closer to the customer • Potential to chase business • More flexible supply chain • Realize upside sales because of fewer markdowns	• Private labels do not have an advantage because they are closer to the consumer • Only have benefit because of automatic shelf space
Speed to market – National brands versus private label	• N/A	

Table 47 continued: Supply chain management - apparel agent

Effect of private label programs on upstream supply chain members	• Wholesalers as branded labels are getting squeezed out	

Supply Chain Findings: Agent

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 6-7. When comparing jean production timelines, the responses varied considerably with a range of 3-8 months depending on the demand for speed to market (fashion versus replenishment products). Communication and collaboration for agents is great as they are considered part of the retail organization and the information sharing is considered nearly transparent. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) Retailers are much closer to the customer; 2) Potential to chase business; 3) More flexible supply chain; 4) Realize upside sales because of fewer markdowns; 5) Automatic shelf space. The effect of private label programs on upstream supply chain members was said to be difficult for wholesalers that act as branded labels because they are being squeezed out of the equation.

Table 48: Supply chain management – discount store retailers

Supply Chain Management: Retailers – Discount	**Company D**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	7
Steps in the supply chain (from concept to consumer)	• Merchandising/design team determines product offering • Spec package is given to sourcing • Sourcing finds/acquires product
Private label production timeline	• Typically 8 months
Communication/Collaboration/ Information Sharing	• Very little communication, collaboration, or information sharing • Don't want to build alliances • Only work and share with others on a limited basis
Advantages created from supply chain control	• Total control of quality and delivery • Also, you are only responsible for your goods (when using agents, they are concerned with many companies)
Speed to market – National brands versus private label	• Typically takes three months more to develop and acquire a private label product
Effect of private label programs on upstream supply chain members	• Importers and agents were "dumped"

Supply Chain Findings: Discount Store Retailer

The supply chain management rationales defined by discount store retailers as incentives for retailers to implement private label programs include: 1) Total control of quality and delivery; 2) The retailer is only responsible for their own goods (when using an agent, they are concerned with many companies)

Table 49: Supply chain management – chain store retailers

Supply Chain Management: Retailers – Chain	Company A	Company B	Company C
Importance of supply chain management to private label competitive strategy (scale of 1-7)	7	7	N/A
Steps in the supply chain (from concept to consumer)	• Merchandising/design team determines product offering • Spec package is given to sourcing • Sourcing finds/acquires product	• Trend development → Design → Merchandising → Technical Design → Sourcing → Product Management Team (placed at production facilities)	• Varies depending on product • Typically is initiated by the design team, then is carried through merchandising then sourcing
Private label production timeline	• 8 months	• Average of 5-6 months • If using existing bodies, 3-4 months	• Currently 40 weeks • Move to 30 weeks • Ultimately 17-25 weeks

Table 49 continued: Supply chain management - chain store retailers

Communication/Collaboration/ Information Sharing	• Very little communication, collaboration, or information sharing • Don't want to build alliances • Only work and share with others on a limited basis (areas in which company does not have a competency, e.g. screen printing)	• Company B has been very loyal – concerned with the consistency of the suppliers • Tremendous amount of information sharing • All firms within the supply chain must know everything that is going on • All numbers, locations, etc. are disclosed	• Since 2005 quota phase-outs, have been able to grow with individual manufacturers (want long-term, loyal relationships) • High level of communication and information sharing • SKU level information is shared • Currently have a production reservation program
Advantages created from supply chain control	• Total control of quality and delivery • Also, you are only responsible for your goods (when using agents, they are concerned with many companies)	• Control over production, design, delivery, and cost • With complete information, you can make product as expensive or cheap as you want • Marketing can choose promotions • Able to establish own mark-up • Overall, no restrictions	• Quicker response time • Can establish long-term relationships with suppliers • Have complete control of product from concept to consumer • Can maintain integrity of product

Table 49 continued: Supply chain management - chain store retailers

Speed to market – National brands versus private label	• Typically takes three months more to develop and acquire a private label product	• Exact same as a domestic importer • Your only limitations are the availability and time to dye or wash product	• Currently national brands are quicker, but until new initiative was launched, it hadn't been a priority • Private labels are better at replenishment and inventory control than national brands
Effect of private label programs on upstream supply chain members	• Importers were "dumped"	• Kohl's has been very loyal, tried to maintain strong, long-term relationships with all upstream supply chain members	• Have tried to limit the number of suppliers used • Categorized suppliers by grades • Higher grades receive different benefits

Supply Chain Findings: Chain Store Retailer

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores were a 7. When comparing production timelines, the responses varied considerably with a range of 12-40 weeks depending on the demand for speed to market (fashion versus replenishment products). Communication, collaboration, and information sharing for chain stores differed as two retailers were willing to share nearly all information with vendors, as well as form strategic alliances/relationships, and the third (Company A) did not want to share any information or build alliances. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) Total control of quality, product (design and merchandising) and delivery; 2) Able to leverage information to create a product that is as (in)expensive as desired; 3) Marketing can choose promotions; 4) Able to establish own mark-up; 5) Overall, no restrictions; 6) Quicker response time; 7) Can establish long-term relationships with suppliers; and 8) Can maintain integrity of the product. The effect of private label programs on upstream supply chain members varied among the three chain stores with two having long-term, strategic relationships and the third saying that their importers were "dumped" and upstream members have been negatively effected through price cuts.

Table 50: Supply chain management – specialty store retailers

Supply Chain Management: Retailers – Specialty	Company G	Company H	Company I
Importance of supply chain management to private label competitive strategy (scale of 1-7)	4	7	6
Steps in the supply chain (from concept to consumer)	• Unknown	• Design → Research and development → Merchandising → Sourcing → Technical designers → Vendors	• Unknown
Private label production timeline	• 6-8 weeks • New product is introduced in the store every eek	• 6-7 months (if new fabric is used) • 2-3 months (if new wash is used)	• 52 weeks
Communication/Collaboration/ Information Sharing	• Much communication, but little sharing of financials • Do not have systems in place even if they did want to share the information • Not much replenishment, so much information sharing is not necessary	• Daily communication with vendors and agents • Vendor gets selling point, but no real advantageous information	• Daily communication • Send tech packs to manufacturers • Weekly inspection of products • Little/no information sharing (confidential and don't want to share)
Advantages created from supply chain control	• Unknown	• Unknown	• Unknown

Table 50 continued: Supply chain management - specialty store retailers

Speed to market – National brands versus private label	• Uncommonly fast speed to market product	• Same for national brands and private labels	• Faster than national brands
Effect of private label programs on upstream supply chain members	• Very close relationships • 75% of factories used by Company G only manufacture their product	• Vendors make more money • Company H can give more to vendors because they are more profitable than national brands	• Spread themselves across a number of factories, in various countries • Negotiate, but try to keep key suppliers

Supply Chain Management: Retailers – Specialty	Company J	Company K
Importance of supply chain management to private label competitive strategy (scale of 1-7)	Unknown	5
Steps in the supply chain (from concept to consumer)	• Varies, depending on product • Some require extensive development, others are just minor adjustments on current designs (minor changes by merchandising) • All product decisions originate with design/ merchandising	• Varies
Private label production timeline	• 50 weeks (past) • 11-12 weeks (quick response) • 38 weeks (typical)	• 6 months is average • from design, 8-16 weeks

Table 50 continued: Supply chain management - specialty store retailers

Communication/Collaboration/ Information Sharing	• Communicate with vendors through VMI – Vendors have complete visibility, ability to quickly replenish	• Little/no information sharing takes place • No replenishment – constantly bringing in new product – very broad and shallow • Because of no replenishment, see no need to share information
Advantages created from supply chain control	• Don't have to carry inventory • Reduce time to market • Higher margins • Can spend more money, time, etc. to get the product right • Product will have better integrity • Have longer relationships and more compelling business for vendors	• Complete control
Speed to market – National brands versus private label	• Varies on the specific national brand	• Not very fast, but have recently made this a priority
Effect of private label programs on upstream supply chain members	• Better for upstream supply chain members – can and do pay more for product to get made	• Not loyal to upstream supply chain members • Concerned with the strength of the brands

Supply Chain Findings: Specialty Store Retailer

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 4-7. These numbers show that there is a great disparity in the level of importance the supply chain is to various specialty store retailers. When comparing production timelines, the responses varied considerably with a range of 6-52 weeks depending on the demand for speed to market (fashion versus replenishment products). Communication and collaboration with upstream supply chain members was very strong for 5 out of 6 of the retailers, with the sixth saying that they did not share much/any information because of no replenishment program and the avoidance of sharing proprietary information. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) Complete control; 2) Do not have to carry inventory; 3) Reduce time to market; 4) Higher margins; 5) Can spend more money and time to get the product offering right; and 6) Better integrity of product. Again the responses varied when discussing the effect of private label programs on upstream supply chain members. All but one retailer was loyal to their supply chain members. Also of interest is that many retailers said that upstream supply chain members were able to make better money servicing private label retailers than national brand marketers/manufacturers.

Table 51: Supply chain management – department store retailers

Supply Chain Management: Retailers – Department Store	**Company E_a**	**Company E_b**	**Company F**
Importance of supply chain management to private label competitive strategy (scale of 1-7)	7	3	7
Steps in the supply chain (from concept to consumer)	• Design → Select specs → Source → Quality → Transportation→ Distribution → Visual marketing (in-store)	• Retail sample → Develop fabric → Cost → Buyer	• Collection is created every season through collaboration with buyers • See void in the market or develop trends to chase demand • Design → technical design → merchandising → production planning → quality → social responsibility → customs compliance → packaging and logistics departments
Private label production timeline	• +/- 6 months	• 3 months to develop • 9-12 months from concept to consumer	• 8 months
Communication/Collaboration/ Information Sharing	• Little communication is had with manufacturers, but huge with agent	• All product is funneled through the agent • All information is made accessible to the agent (price, product, mark-up, etc.)	• Constant communication with manufacturing and between in-house functions • Much information sharing, but mostly about compliance

Table 51 continued: Supply chain management - department store retailers

Advantages created from supply chain control	• Price • Customer loyalty • Supply and quality • Ability to determine your own destiny	• Complete control over quality, product, image, marketing, etc.	• Absolute control • Direct negotiation and planning with suppliers • Lead-time reduction through decreased transit times and customs clearance
Speed to market – National brands versus private label	• Private label is quicker because of less bureaucracy	• Same or faster than national brands • Get to cut out the salesman sample line	• Private label can move more quickly • Have more control over their "fast track" products
Effect of private label programs on upstream supply chain members	• Control the number of fact used • Focus on quality • Try to develop long-term relationships	• Unknown	• Unknown

Supply Chain Findings: Department Store Retailer

When ranking the level of importance of supply chain management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 3-7. These numbers show that there is a great disparity in the level of importance the supply chain is to various department store retailers. When comparing production timelines, the responses varied considerably with a range of 3-12 months depending on the demand for speed to market (fashion versus replenishment products). Communication and collaboration with upstream supply chain members differed as one retailer relies heavily on an external agent and the other has their own in-house agent. In the first relationship, the retailer has little contact with manufacturers, but has a very strong relationship with the vendors. When asked about the supply chain benefits gained by retailers as a result of private label programs, responses included: 1) Price control; 2) Customer loyalty; 3) Quality control; 4) Ability to determine your own destiny; 5) Direct negotiations and planning with suppliers; and 6) Lead-time reduction through decreased transit times and customs clearance.

Supply Chain Findings: Differences Among Sectors

The two key differences between sectors are the communication, collaboration, and information sharing they have with supply chain members and production timelines. All upstream supply chain members (fiber, denim and apparel manufacturers) felt that information was shared fairly well, but there could be a higher level of communication had in order to increase productivity. Moving further up the supply chain, many retailers felt that they had been sharing great amounts of information and many refused to share

anything with supply chain partners. Finally, supply chains had varied timelines from a matter of 4 weeks to one year depending on supply chain member and need in the market place.

Cost Management

Tables 52 – 59 explain the presence and importance of cost management for private labels and national brands as described by the interviewees. This section accomplishes Goal 3 of Phase 2.

Table 52: Cost management – fiber

Cost Management: Fiber	**Company L**
Importance of cost management to private label competitive strategy (scale of 1-7)	N/A
Advantage gained from the ability to control cost	• No middle man – no additional mark-up • Volume – it increases revenues • National brands have a price disadvantage • Private labels build brand equity of their own – have unique product with own sense of style • Private labels have more control over what they put on the floor
Distribution of private label savings	• Unknown
Major costs associated with private label production (concept to consumer	• Unknown

Cost Management Findings: Fiber

The cost management rationales defined by fiber manufacturers[14] as incentives for retailers to implement private label programs include: 1) No middlemen, resulting in less mark-up; 2) Increased volume, increasing revenue; 3) More control over what they put on the floor.

[14] Cautionary Statement: Only one fiber company was interviewed, therefore the results may not be generalized to all members of the sector.

Table 53: Cost management – denim

Cost Management: Denim	Company O	Company P	Company Q
Importance of cost management to private label competitive strategy (scale of 1-7)	• N/A	• N/A	
Advantage gained from the ability to control cost	• Retailer makes much more money • Much bigger margins	• Increased sales volume • Increased margin	• Allows retailers to make the best return on investment
Distribution of private label savings	• Some cost savings get passed on to the consumer, but most is absorbed by the company	• N/A	• N/A
Major costs associated with private label production (concept to consumer	• Fabric/finish	• Finish (!) • Fabric • Time • Total cost of infrastructure needed to support program is the make or break point for retailers	• Finish/Wash

Table 53 continued: Cost management - denim

Cost Management: Denim	**Company R**
Importance of cost management to private label competitive strategy (scale of 1-7)	N/A
Advantage gained from the ability to control cost	• Margins – can control cloth, buttons, assembly, wash, etc. • When buying full package, however, they risk losing control
Distribution of private label savings	• N/A
Major costs associated with private label production (concept to consumer	• Wash/Finish • Fabric

Cost Management Findings: Fabric/Denim

When asked about the cost benefits gained by retailers as a result of private label programs responses included: 1) Retailers make much more money because of bigger margins; 2) Increased sales volume; 3) Best return on investment for retailers; and 4) Can control costs - buttons, cloth, assembly, washes, etc. Distribution of these cost savings varied by respondent with some savings being passed on to the customer and the remainder being absorbed into the company. Last, the major costs associated with the development of a private label product varied – fabric, finish, time, infrastructure, and wash.

Table 54: Cost management – apparel manufacturer (national brand only)

Cost Management: Apparel Manufacturers (National Brand Only)	**Company S**	**Company T**	**Company U_a**
Importance of cost management to private label competitive strategy (scale of 1-7)	N/A	5	7
Advantage gained from the ability to control cost	• Economies of scale • Not necessarily the cheapest, but do not want to be	• Can draw in customers because of brand loyalty • Get free advertising for the store • Private label takes route with assortment and inventories • Economic equation → manufacturer and retailers = no wholesalers margin • 70-80% margin with private label • 40-50% with national brand	• National brands have a disadvantage • Retailers have to share profits • Private label gives overall higher margins • Private label is becoming difficult competition • Retailers expect 60-70 points of margin
Major costs associated with private label production (concept to consumer	• Innovation of product	• Marketing effort – millions of dollars per year • Development is very costly	• Raw material and other components are the biggest percentage of total cost • Labor • Freight

Table 54 continued: Cost management - apparel manufacturer (national brand only)

Cost Management: Apparel Manufacturers (National Brand Only)	**Company U_b**	**Company V**
Importance of cost management to private label competitive strategy (scale of 1-7)	7	N/A
Advantage gained from the ability to control cost	• Private label is stuck in one house – national brand product has more numbers which results in cheaper product • Servicing more retailers reduces costs	• Higher margins are achieved for retailers with private labels • National brands are important to retailers because consumers demand them (consumers go into the store to buy national brands, but retailers hope shoppers will buy other products with higher margins too)
Major costs associated with private label production (concept to consumer	• Huge cost differences • Budgets overlap, so it is difficult to pinpoint	• Spend lots of money on marketing and advertising – proportionally the most

Cost Management Findings: Apparel Manufacturers (National Brand Only)

When ranking the level of importance of cost management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Economies of scale; 2) Can draw customer into the store because of brand loyalty; and 3) Get free advertising for the store. Last, the major costs associated with the development of a private label product varied – product innovation, marketing effort, raw materials/components, labor, and freight.

Table 55: Cost management – apparel manufacturers (mixed brands)

Cost Management: Apparel Manufacturer (Mix)	Company W	Company X	Company Y
Importance of cost management to private label competitive strategy (scale of 1-7)	N/A	7	7
Advantage gained from the ability to control cost	• It is advantageous because the retailer is able to cut out the middlemen	• More control because only worry about manufacturer's mark-up, not brands mark-up	• Control overhead – pad for mark downs and buy at a better cost upfront and can put out at a better retail price
Distribution of private label savings	• Unknown	• Never share upstream • Generally, keep at retail level	• Retailers pocket the margin • Do not pass it on • If don't hit margin then they go to the manufacturer for mark-down money
Major costs associated with private label production (concept to consumer	• Unknown for certain, but marketing costs are quite high	• N/A	

Table 55 continued: Cost management - apparel manufacturers (mixed brands)

Cost Management: Apparel Manufacturer (Mix)	Company Z	Company AA	Company BB
Importance of cost management to private label competitive strategy (scale of 1-7)	N/A	6+	7
Advantage gained from the ability to control cost	• Enhanced margins • With an in-house design team and successful marketing, private labels can be moved to national brand status	• People come into the store for the brand • GMROI is the best in the category • Out performs all competition • Move quicker 20-40% • Makes more money	• Higher mark-up • Stores have more control of merchandising decisions such as price and promotion • Exclusive • Quality and consistency
Distribution of private label savings	• N/A	• Goes to retailer or consumer, not upstream	• Higher margins for retailers • Cost savings are passed on to the consumer in terms of lower prices for better quality
Major costs associated with private label production (concept to consumer	• SG&A • Textiles • Trims and labor • Duty • Potential on freight • Least costly is marketing (typically 1-2% of sales)	• N/A	• N/A

Cost Management Findings: Apparel Manufacturers (Mix)

When ranking the level of importance of cost management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 6-7. When asked about the cost benefits gained by retailers as a result of private label programs responses included: 1) Cut out middlemen; 2) Only have to worry about manufacturer's mark-up, not brand mark-up; 3) Control overhead – pad for mark-downs and buy at a better cost upfront and can put out at a better retail price; 4) enhanced margins; 5) Can become a national brand; 6) Drive people into the store; 7) GMROI (Gross Margin Return on Investment) is the highest; 8) Exclusive; and 9) Quality and consistency. Distributions of these savings vary between the consumer and the retailer, but none is given to the upstream supply chain members. Last, the major costs associated with the development of a private label product varied – textiles, trims, labor, duty, and freight.

Table 56: Cost management – apparel agents

Cost Management: Agents	Company M	Company N
Importance of cost management to private label competitive strategy (scale of 1-7)	7	N/A
Advantage gained from the ability to control cost	• Increased margins • More transparency into the organization – this allows for the removal of waste (i.e. those divisions/functions that are not necessary)	• Better margins for retailers
Distribution of private label savings	• Varies by retailer • Mass will pass on to the consumer • Specialty will pass some on to the consumer and keep some as margin	• Kept mostly by retailers
Major costs associated with private label production (concept to consumer	• For specialty retailers it is most often in the finishing of the fabrics • Wash can often times account for 50% of the product cost	• N/A

Cost Management Findings: Agents

. When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Increased margins; and 2) More transparency into the organization – allows for the removal of waste. Distribution of excess margins varies between the consumer and the retailer. When considering mass, it is passed on to the consumer, but specialty will absorb the majority. Last, the major costs associated with the development of a private label product varied – finishes (upwards of 50% of product cost).

Table 57: Cost management – discount store retailer

Cost Management: Retailers – Discount	**Company D**
Importance of cost management to private label competitive strategy (scale of 1-7)	5
Advantage gained from the ability to control cost	• Ability to make money "on the buy" and "on the sell" • Have the ability to drive prices down and collect the savings, resulting in more open-to-buy, savings for consumers, or can add more quality to the product • Have the ability to go into any location desired
Distribution of private label savings	• Mostly margin to the retailers • Could try to put quality back into the garment • Could offer product at lower prices to consumers
Major costs associated with private label production (concept to consumer	• Product development is most expensive • Cost of NYC design team

Cost Management Findings: Discount Store Retailer

When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Ability to make money "on the buy" and "on the sell;" 2) Have the ability to drive prices down and collect the savings; 3) More open-to-buy dollars; and 4) Ability to source from any country.

Table 58: Cost management – chain store retailer

Cost Management: Retailers - Chain	**Company A**	**Company B**	**Company C**
Importance of cost management to private label competitive strategy (scale of 1-7)	5	7	N/A
Advantage gained from the ability to control cost	• Ability to make money "on the buy" and "on the sell" • Have the ability to drive prices down and collect the savings, resulting in more open-to-buy, savings for consumers, or can add more quality to the product • Have the ability to go into any location desired	• Completely capable of choosing all costs associated with the product • Can choose denim, trims, etc.	• Better margins because do not use agents • Better margins because of economies of scale • Do not have to keep opening price point at a certain level – often a demand of national brands
Distribution of private label savings	• Mostly margin to the retailers • Could try to put quality back into the garment • Could offer product at lower prices to consumers	• Savings are distributed to everyone • Suppliers always make money, but probably don't get much excess profit out of private label • Customers receive added value • Company receives higher margins and overall more profitability for the firm	• Most cost savings goes to the consumer through lower prices • The rest (a little) goes to the retailer in the form of increased margins

Table 58 continued: Cost management - chain store retailer

Major costs associated with private label production (concept to consumer	• Product development is most expensive	• Product development and marketing – these are the two costs you don't have with national brands	• Large amount of infrastructure required in-house for the development and sourcing of product

Cost Management Findings: Chain Store Retailer

When ranking the level of importance of cost management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Ability to make money from buying and selling product; 2) Able to choose all costs associated with the product – denim, trims, etc.; 3) Better margins; 4) Economies of scale; and 5) Do not have to keep opening price points at a guaranteed level. The margins are distributed to all supply chain members, however, the majority goes to the retailer and the consumer. Last, the major costs associated with the development of a private label product varied – product development, marketing, and infrastructure.

Table 59: Cost management – specialty store retailer

Cost Management: Retailers – Specialty	Company G	Company H	Company I
Importance of cost management to private label competitive strategy (scale of 1-7)	4	7+ (most important)	5
Advantage gained from the ability to control cost	• Higher margins • No direct comparison of prices	• Have the power to raise price, margins, pull stuff out of stores • It is ultimately a matter of control	• Have control over margins
Distribution of private label savings	• Mainly absorbed by the company	• Firm takes as margin	• Varies
Major costs associated with private label production (concept to consumer	• Unknown	• Time of all individuals in the company	• Denim and finishing costs

Table 59 continued: Cost management - specialty store retailer

Cost Management: Retailers – Specialty	Company J	Company K
Importance of cost management to private label competitive strategy (scale of 1-7)	Unknown	Unknown
Advantage gained from the ability to control cost	• Inventory savings because control product better • If you read consumer better, you can respond to demand more quickly	• Private labels offer better mark-up (400-1000 points)
Distribution of private label savings	• Varies, but mostly to retailer	• Keep profit internally • No reason to reduce mark-up and margin
Major costs associated with private label production (concept to consumer	• Raw materials • Cost of manufacturing the product • Not marketing	• Unknown

Cost Management Findings: Specialty Store Retailer

When ranking the level of importance of cost management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 4 -7. When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Higher margins; 2) No direct price comparison between products; 3) Have the power to raise price, margins, and pull stuff out of stores; 4) Control; 5) Inventory savings; 6) Quicker response to demand; and 7) Better mark-up (400-1000 points). Increased margins are distributed to consumer, but mostly absorbed by the company. Last, the major costs associated with the development of a private label product varied – time, denim, finishing, raw materials, and manufacturing.

Table 60: Cost management – department store retailer

Cost Management: Retailers – Department Store	Company E_a	Company E_b	Company F
Importance of cost management to private label competitive strategy (scale of 1-7)	6.5	7	7+
Advantage gained from the ability to control cost	• Cut middleman out • Reduce overhead • Profit percentage is/becomes higher • Can buy less expensive product • Give consumers a better price • Keep margin	• Gross margin • Helps control which product outside of the stores we are competing with • Consumers cannot make a direct price comparison between the two products	• Know exactly what you are getting for the money you pay • Know cost of raw materials, sew, pack & ship • Can better determine retail prices (1/3 less than wholesale) • Control logistic costs (steamships, brokers, etc.)
Distribution of private label savings	• Typically keep the margin • Some savings are offered to the consumer	• The retailer actually takes the bulk of the savings	• Unknown
Major costs associated with private label production (concept to consumer	• Manufacturing – the actual labor associated with making the garment	• Largest cost is acquired from fabric	• Sampling of non-adopted products – this includes operating and salary costs of working on non-adopted products

Cost Management Findings: Department Store Retailer

When ranking the level of importance of cost management to the firm's competitive strategy on a scale of 1-7 (1 being not at all important and 7 being extremely important) scores ranged from 5-7. When asked about the cost benefits gained by retailers as a result of national brand programs responses included: 1) Cut out middlemen; 2) Reduce overhead; 3) Can buy less expensive product; 4) Can give consumer a better price; 5) Better control outside competition; 6) Consumer cannot make a direct price comparison; 7) Retailer knows exactly what they are paying for; and 8) Can better determine/control retail price. The additional margins are largely absorbed by the retailer, but a little is passed on to the consumer. Last, the major costs associated with the development of a private label product varied – manufacturing, sampling, and fabric.

Cost Management Findings: Differences Among Sectors

The two largest differences seen between the supply chain members were origin of cost and distribution of margin. The most expensive part of product development (from concept to consumer) varied largely on the type of retailer or manufacturer discussed. If they were concerned with brand image then marketing and advertising costs were high, otherwise it might be components or finish. Increased margin was a frequently mentioned reason for which private label programs are implemented by retailers, however, how these margins were distributed (consumer, retailer or upstream supply chain members) varied by respondent.

Future of Brands

Tables 61 – 69 explain the future of private label and national brand strategies as described by the interviewees.

Table 61: Future of brands – fiber

The Future of Brands: Fiber	Company L
Insight to the future of private label within said firm	• N/A
Insight to the future of brands in the entire textile and apparel industry	• Private label will continue to grow, but will only go up marginally • National brands will acquire retail outlets of their own • Continue move of retailer consolidation

Findings for the Future: Fiber

In discussions of the future, the fiber manufacturer felt that private label growth is imminent, but with the major expansions over the last several years they would likely be marginal. Also, it was thought that in order to combat the proliferation and competition of private labels, national brands would likely acquire or create their own retail outlets. The final trend anticipated is further retailer consolidation.

Table 62: Future of brands – denim

The Future of Brands: Fabric	Company O	Company P	Company Q
Insight to the future of private label within said firm	• See move more toward private label	• Continuation of exclusive product made for retailers • Continue on with unique, branded denim in hopes of creating loyalty to Company P	• Will likely increase private label business
Insight to the future of brands in the entire textile and apparel industry	• Private label will be the way to go • All product/brands will be price driven • See a future for "microbranding"	• The days of agents are limited – soon retailers will cut out the middleman in order to get higher margins • The liability associated with having your own private label line is huge • The industry will continue to get faster • Retailer will continue to have the ultimate control	• Private label will continue to strive because of the retailer wanting the increased margins • National brands will have to create some exclusivity of product (become more creative)

The Future of Brands: Fabric	Company R
Insight to the future of private label within said firm	• Will continue to grow private label business • National brands are not (and will not) grow
Insight to the future of brands in the entire textile and apparel industry	• Only thing that keeps members of the entire industry going is loyalty, so growing that is key

Findings for the Future: Fabric/Denim

A general consensus on the future of denim fabric manufacturing was made – there will be a greater focus on and servicing of private label retailer and apparel manufacturers. All of the denim manufacturers felt they must follow the business and the trend over the past few years has been toward private label. In discussions of the future, the denim manufacturers felt that private label growth is imminent, but all brands will ultimately be price driven. The control of retailers and their desire for higher margins will lead to national brands seeking a better value equation in order to compete. Also, a phase-out is predicted within the agent category. It was felt that the role of the agent is going to be transitioned to the retailer in order to obtain higher margins. The final trend anticipated is further increases in speed to market.

Table 63: Future of brands – apparel manufacturers (national brands only)

The Future of Brands: Apparel Manufacturers (National Brands Only)	**Company S**	**Company T**	**Company U_a**
Insight to the future of private label within said firm	• Will just keep it going the same way • Play to stay "authentic"	• Will depend on the ability to differentiate private label and other branded houses • Better product • Faster • Better servicing retailers	• Stronger brand management • More lifestyle driven • Brand portfolio will grow • Because of retailer's demand for exclusivity, it will be difficult to nationally distribute a brand • Emotionally connect with consumers • Will continue to acquire brands (as opposed to create)
Insight to the future of brands in the entire textile and apparel industry	• Private label will keep growing • National brands will shrink – continue to be bought up • National brands continue to "not get it" and this will likely continue	• Consolidation at retail makes it necessary to execute sales • Regardless of partners, must present well and appropriately • Would benefit from a store-in-store concept • Need more staff support • National brands will open more flagship stores as retail showcases to present product and image to the consumer	• Only brands will exist, not private brands or national brands • No channels will exist, only outlets/retailers • A huge, seamless industry will be created • Treatment and brand management skills will be the same for national brands as well as private labels

Table 63 continued: Future of brands - apparel manufacturers (national brands only)

The Future of Brands: Apparel Manufacturers (National Brands Only)	**Company U_b**	**Company V**
Insight to the future of private label within said firm	• Jeans business will always be stable • Overall, jeans will decrease in profitability • Continue to move to lifestyle brands	• Will consider launching more proprietary brands • Very expensive and difficult to start more brands, easier to acquire
Insight to the future of brands in the entire textile and apparel industry	• National brands will always be around. They meet a need that private label does not • Private label has a long way to go before it can drive branded apparel entirely out	• Brands are cyclical • 10 years ago, large number of private brands • Then consumers shifted to national brands • Now is time for an upswing in national brands • Will continue to see this change

Findings for the Future: Apparel Manufacturers (National Brand Only)

The future of branded apparel manufacturers is focused on developing more lifestyle brands or those with increased emotional appeal. When looking at the future of brands in general, the branded apparel manufacturer differed in their responses. A wide spectrum was introduced from national brands continuing to die, to the emergence of a brand concept with no distinction between national brand or private label, to a major resurgence of national brands. Finally, it was predicted that there would be more flagship stores created, as well as more department store and chain store signage and sales assistance to better promote the lifestyle and image national brands represent.

Table 64: Future of brands - apparel manufacturers (mixed brands)

The Future of Brands: Apparel Manufacturers (Mix)	Company W	Company X	Company Y
Insight to the future of private label within said firm	• Intend to diversify in an effort to no longer be beholden to department stores • Obvious answer is opening their own stores • Want to offer technological partnerships to increase everyone's efficiency and profitability	• Trying to build more branded business • Looking at buying retailers • Could open own retail stores under current private label names	• Company is moving back into department stores to get increased margins, but they still are not great • Just bought a new premium brand – not sure what they are going to do with it yet
Insight to the future of brands in the entire textile and apparel industry	• At the department stores, private brand will continue to grow (goal is 60-70%)	• Supply chains get smaller (number of vendors) • Vertical integration (doing one-stop shopping fiber to finished goods) • National brands – tough road because fewer and fewer places to sell their goods (fewer overall opportunities; will likely work on getting control of retail space within department stores or with free standing establishments)	• Private label is growing faster than branded product (because of mass going to private label)

Table 64 continued: Future of brands - apparel manufacturers (mixed brands)

The Future of Brands: Apparel Manufacturers (Mix)	Company Z	Company AA	Company BB
Insight to the future of private label within said firm	• Private label business should decrease if branded business goes as predicted • Company would prefer to focus on national brand business because it offers higher margins • Opening international stores (will be high profile and used as a marketing vehicle) • Hope for more full price stores around the world	• Will become more aggressive • Will enter new product areas	• Will acquire and grow lifestyle brands
Insight to the future of brands in the entire textile and apparel industry	• A few global brands will emerge, but will still require margin assistance from retailers • House brands – more mark-downs are/will be taken by retailers	• Believe retailers will lose with their private label business • Retailers have only been worried about margins, not GMROI • Feels good for now, but will not long-term • Short-term thinkers versus long-term thinkers	• Private label programs will continue to thrive

Findings for the Future: Apparel Manufacturers (Mix)

The future of private label manufacturer business is a mix between business as usual and a desire to no longer be beholden to the retailer. In an effort to no longer be at the mercy of retailer margin demands, many of the manufacturers anticipate retail stores and the development of private labels into full-blown global brands that would be recognized worldwide. In discussions of the future, the private label manufacturer felt that private label growth would continue and national brand struggles would persist. The major problem faced by national brands is presented as an issue of retail consolidation and not enough buyers for product. Other manufacturers feel that the future of private labels may not be as successful as the past. Recently retailers have only been concerned about margins and not their Gross Margin Return On Investment (GMROI), but now will have to begin long-term thinking as the marketplace continues to have increased levels of competition. The final trend anticipated is the emergence of a smaller, more tightly woven supply chain.

Table 65: Future of brands - apparel agents

The Future of Brands: Agents	Company M	Company N
Insight to the future of private label within said firm	• At some point see an equilibrium with private label (looking only at specialty) and national brands • Expect a "pop and flair" with different brands • Private label will become a bigger chunk of business	• Don't look to be cut out • Many retailers want to focus their business, not being an agent or sourcing product • Can not cut agent's function out, the retailer will still incur the cost in some way • Many retailers cannot do the agent's job as well or for less money • Company N intends to continually add more value to the equation
Insight to the future of brands in the entire textile and apparel industry	• Good chance national brands will be eliminated entirely from discount • Innovation will be key (examples include Underarmour and Nike) • Look for companies such as Nike to become vertical and go more into retailing • More wholesalers will try to go into retail • Private labels will likely achieve a market share of 70% at some point • Good brands (private label or national brands) will continue to be viable, but will remain under constant competition	• Will see a swing of the pendulum back to national brands • National brands will have to reevaluate how to compete and how to identify with customers • National brands will have to determine a way to offer retailers better margins • National brands will have to find a way to sell to multiple retailers and still differentiate product • Retailers will/do find national brands acceptable with lower margin as long as there is better sell through • Some national brands will open their own stores – will likely be unsuccessful • National brands must have multiple channels of distribution and multiple brands to be successful

Findings for the Future: Agents

The future of agents is likely a mix between private label and national brand business. Both interviewees felt that agents would always play a role in the industry and are not likely to get cut out of the equation as their job must ultimately be done and they can do it better than most retailers. In discussions of the future, the agents felt that private label growth would dissipate and national brands would see resurgence. The major problem faced by national brands is lack of value they add to the equation. In order to overcome this obstacle, they will have to add value through innovation, customer loyalty, or potentially higher margins for retailers. Other predictions for the future include retail stores for national brands and private labels, multiple brands for each manufacturer, and multiple channels for a single brand.

Table 66: Future of brands - discount store retailer

The Future of Brands: Retailers – Discount	Company D
Insight to the future of private label within said firm	• Company will not pursue much change in strategy • Believes current private label strategy will lead the company to ultimate success • Goal is to see private label at 70-75% of total product sold
Insight to the future of brands in the entire textile and apparel industry	• Will likely go all private label (or nearly all private label)

Findings for the Future: Discount Store Retailer

The future of discount store retail business by Company D is business as usual with little or no change expected. In discussions of the future, the discount store retailer felt that the business would likely go all or nearly all private label, ultimately dropping national brands from the product mix.

Table 67: Future of brands - chain store retailer

The Future of Brands: Retailers – Chain	Company A	Company B	Company C
Insight to the future of private label within said firm	• See very little change taking place in the near future • Will stay heavily concentrated on private label • Try to grow private label in some categories that have seen low levels – underwear and denim • Goal is 60-65% private label	• Private label will become a bit stronger (more penetration), as some aspects of the company have not been touched yet – denim being a major target • Private label denim is currently focused on basics, so will move to more fashionable product	• Foresee growth in private label, but no mandatory level • Consumer will be in the driver seat as to what product combination is carried • Private label is projected at 46% this year • As a result of reduced cycle time, expect better product and fashion hits
Insight to the future of brands in the entire textile and apparel industry	• Mid-tier will be heavily private label because little money can be made on national brands • In order to make private labels successful, designers, merchandisers, sourcing team must know exactly what the customer wants	• Private labels will become even more important in the industry • There will be fewer sources for national brands to sell because of retail consolidation, making the competitive environment even tougher for them	• National brands should not panic in response to private label success – it is all about the value-added • National brands are going to have to find their purpose • Success is not likely with national brands opening retail establishments • Brands and product are going to need to become much more targeted, as consumers have choices and they want you to bring a specific value to them… focused on their needs

Findings for the Future: Chain Store Retailer

The prediction for the future of chain store retail business is growth in private labels. No mandatory or set level of growth has been given for any of the three retailers, but they have many product categories that have yet to be penetrated and see the ability to drive sales through those areas. Also, it is anticipated that private label product will become more fashionable as product cycle times are shortened. In discussions of the future, the chain store retailers felt that private label growth would likely be the leader within the channel because of the low margins associated with national brands, as well as the inability to get national brands into their stores. The major problem faced by national brands is the small number of retail outlets through which they can distribute the products (a result of retailer consolidation and the desire to keep their product in premium channels). The final words of wisdom were given for all brands – they must truly understand the consumer and target them through specialized product. This product requires a design team, merchants and sourcing to best create and deliver a successful product (national brand or private label).

Table 68: Future of brands - specialty store retailer

The Future of Brands: Retailers – Specialty	Company G	Company H	Company I
Insight to the future of private label within said firm	• Will remain strictly private label • 20-30% square footage growth per year • 25% earnings growth	• Unknown	• Intimates expansion (side-by-side stores) • Launching a new brand • Going international
Insight to the future of brands in the entire textile and apparel industry	• Department stores will continue to decline until they find a way to differentiate themselves	• Unknown	• Hard to maintain a brand forever • Continuously see transitions • Fickle customers • Must distinguish yourself in the marketplace – get in the consumer's mind, better understand their needs

The Future of Brands	Company J	Company K
Insight to the future of private label within said firm	• Speed and being able to respond to the customer in a better way will be important • Localize product • Fragmentation of product	• Business will remain as usual • Continue with the product mix • Growing business by 30% a year
Insight to the future of brands in the entire textile and apparel industry	• Only bad news for national brand retailers • Many retailers have faced narrowing • Easy to offer own product because consumers are not getting what they need from national brands	• Will continue to see the migration to private label because of increased mark-up/margins

Findings for the Future: Specialty Store Retailer

The future of specialty store retail business will remain primarily private label. In an effort to grow business and better service the customer most retailers anticipate increased speed to market, as well as opening more stores. In discussions of the future, the specialty store retailer felt that private label growth would continue and national brand struggles would persist. The other issue faced by industry is the consolidation and decline of department stores which is predicted to persist.

Table 69: Future of brands - department store retailer

The Future of Brands: Retailers – Department Stores	Company E_a	Company E_b	Company F
Insight to the future of private label within said firm	• Look for private label to increase to 20% in two years • 20% will likely be the ceiling for private labels within this retailer	• See an increase in private labels for areas that are currently lacking	• See additional private brands being added • Further lead-time reductions made
Insight to the future of brands in the entire textile and apparel industry	• See continued growth of private labels • History indicates that they will continue • Foresee many national brands going out of business	• Private labels have reached the status of national brands in many instances – as they continue to develop, that will be the case	• More design and development teams added to manufacturers – this is necessary to further reduce lead-times

Findings for the Future: Department Store Retailer

The future of department store retail business is growth in private labels. An additional prediction is greater control over and speed within the supply chain to better develop and deliver product for the consumer. In discussions of the future, the department stores felt that the future would be in private labels and many national brands would be driven out of business. The final trend anticipated is the emergence of better and more complete design and manufacturing teams. By having this improved supply chain, retailers could reduce lead times and increase the integrity of product.

Findings for the Future: Differences Among Sectors

Two key differences exist among the various sectors (within and between) – 1) the future of national brands and private labels; and 2) the ability to succeed as a manufacturer/marketer and retailer. The future of national brands will likely depend on the value they can add to the retailer's product mix and margins. Most interviewees felt that the future is going to be difficult, if not bleak, for national brands and believe private label growth to be imminent. As a means of combating this competition, it was stated by many that national brands will likely enter their own retail ventures. Conflicting results for such endeavors were predicted with major concern by many because it is far easier to backward integrate than attempt to forward integrate.

Additional Phase II Findings

Proprietary product

National brands and private label are the two largest and most frequently discussed brand categories in the literature and industry, however, a third category has emerged – Proprietary Brands. Proprietary brands or proprietary products are those that are not necessarily owned by the retailer, but by the apparel manufacturer, and are exclusive to a single store. Examples would include Chaps® by Ralph Lauren or Apartment 9 ® by Liz Claiborne at Kohl's or Nicole Miller® by Nicole Miller at J.C. Penney. Such brands are used for a variety of reasons including: 1) retailers have exclusivity of product and/or brand name just as with private label but do not have to take on the risk and overhead associated with having the private label program internally; 2) it allows the apparel manufacturer to leverage their brand name and expertise into a variety of channels without diluting brand equity. Proprietary product is offered by all members of the supply chain – denim manufacturers might offer an exclusive weave or finish and apparel manufacturers might offer an exclusive cut, color, finish, or brand to the retailer. The phenomena of proprietary brands is not new, but has seen much recent growth and will likely continue to be important to both retailers and manufacturers.

National brands are less risk averse

Many interviewees discussed the idea of risk aversion and how it pertains to retailers and private label manufacturers. Those involved in private label (at mass, chain and department stores, not specialty stores) are most concerned with staple products, nothing with a fashion component because they are often left holding excess merchandise (as they are the

buyer, manufacturer and retailer) and do not want to sell to jobbers, thus resulting in diluted exclusivity and brand equity. Thus, there is a major problem for private label retailers in terms of excess merchandise disposal.

Move to industry integration

Many retailers have successfully managed to create their own private label supply chain, thus cutting out middlemen such as apparel manufacturers and agents. As those players have felt the growing pains of private label, as well as retail store consolidation, they have begun to search out remedies – forward integration. Many apparel manufacturers and agents have mentioned plans to and current openings of their own retail stores. By opening their own establishments, retailers are better able to control their demand and dispose of excess merchandise.

Definition of private label

One issue that arose with many of the interviewees is the current academic definitions (or lack of distinction) of private label. Currently, the definition states that those retailers that own, control and house a brand exclusively in their own channels are private label retailers. The problem is that there is no distinction between those retailers with their own doors (examples include Abercrombie and Gap) and those that have many brands with names not the same as the store (examples include J.C. Penney, Wal-Mart, and Nordstrom). Another problem with the definition is that it does not represent what consumers believe national brands and private labels to be. Typically, consumers feel that a national brand is anything that has national recognition. If this is the case such brands as Arizona, Gap,

J.Crew, and Faded Glory would be considered national brands. Under the current definition such brands would be classified as private labels.

Circle of loyalty

It was introduced by many of the interviewees that there is a "circle of loyalty." This circle actually begins with the retail store. The store brings the customer in. Once in the store, the retailer is responsible for selling the consumer on private label brands (promotions, signage, etc.). Once these brands are bought, it is hoped/believed that the consumer will return to the store for those brands. From there the circle continues. The ultimate learning from this theory is that there may not be much brand loyalty, but store loyalty.

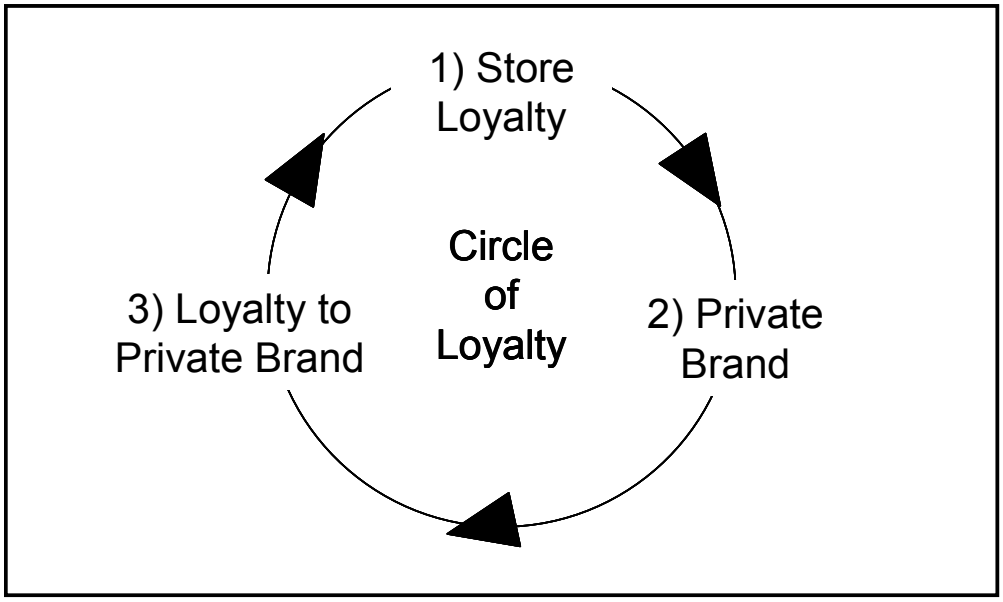

Figure 40: Circle of Loyalty

Source: Bruer, 2006.

Rising number of corporate brand teams

Another phenomena that arose from the discussions were the rising number and importance of corporate brand teams. Four of the key players in the industry have decided to create Corporate Brand Teams that would be responsible for developing, monitoring and growing national brands and/or private labels within the retail establishments or manufacturing portfolios.

Eventual drop of all national brands from mass channel

The final discovery that arose from the interviews is the likelihood of national brands being phased-out of the mass channel. There were two key reasons for this trend: 1) retailers cannot attain the desired margins from national brands that they easily find with private labels; 2) many preferred national brands refuse to sell their product in discount channels out of fear of diluting their brand equity.

Key Findings: Phase II (Internal Outcomes)

- **Purpose of Private Label:** The purpose of private label programs varies significantly as one moves down and within the supply chain. Those that manufacture are driven by reasons far different than those at retail; however, even those within a sector have contrary reasons for which they have entered the private label product area.

- **5 Important Reasons For Which Private Label Programs are Implemented**
    - Margins
    - Complete control of both price and product
    - Quality of merchandise
    - Automatic shelf space
    - Fill holes in product offering

- **Importance of Three Drivers: Ranking**[15]
    1) Cost Management
    2) Supply Chain Management
    3) Brand Loyalty

- **Importance of Cost Management**
    - Extremely important
    - Enables retailer to make money "on the buy" and "on the sell"
    - Inventory cost savings
    - MARGINS

- **Importance of Supply Chain Management**
    - Very important
    - Lead-time reductions
    - Control over price and quality
    - Run a shorter supply chain – reduce cost and lead-time

- **Importance of Brand Loyalty**
    - Important, but more success with national brands
    - Value drives loyalty
    - Combination of product, cost, and image
    - Emotional Connection

[15] This ranking was not determined by numbers or rankings given by the interviewees, but by the conversations had with the researcher.

Phase III Results

Research Objective 3a: To create a model that depicts the relationships with the three private label drivers and outcomes, as well as the interactions that occur among a private label denim jean supply chain (fabric manufacturers, apparel manufacturers and retailers) when creating the program

Preliminary Model

The initial model depicted in Figure 40 shows the three areas that will be discussed in Phase III - 1) Private label program drivers; 2) Supply chain communication; and 3) Private label program outcomes.

Program drivers

Throughout Phase II of the study, the three key drivers of private label programs were discussed with leaders in the denim jean industry. The drivers, and their level of importance, are identified in Figure 41. Key findings from this depiction include: 1) importance of brand loyalty to national brand apparel manufacturers and those retailers having brands with their own doors; 2) supply chain management is most important to those in the middle of the supply chain; 3) cost management is extremely important to all supply chain members.

Supply chain communication

The amount of and type of communication shared with retailers was a topic discussed with retailers while conducting Phase II. Figure 42 illustrates the various levels of communication that occur. Key findings from the depiction include: 1) Agents have a level of transparency with retailers, having high levels of information flow; and 2) The only upstream supply chain member (other than the agent) that receives volumes of information are the fiber manufacturers.

Private label program outcomes

Private label outcomes were introduced in the conceptual framework and have been used throughout the study to guide both Phases I and II. Figure 43 illustrates the presence and level of private label outcomes according to sector. Key findings from the depiction include: 1) Increased loyalty is the only outcome present for all industry sectors; 2) brand extensions may be an area in which other supply chain members could leverage their current positions; and 3) Typically retailers are the only supply chain members capable of reaping greater margins.

Model in its entirety

Figure 44 shows the Private Label Denim Jean Supply Chain Model in its entirety. From this model key areas of potential improvement can be identified and will be discussed in Chapter 5.

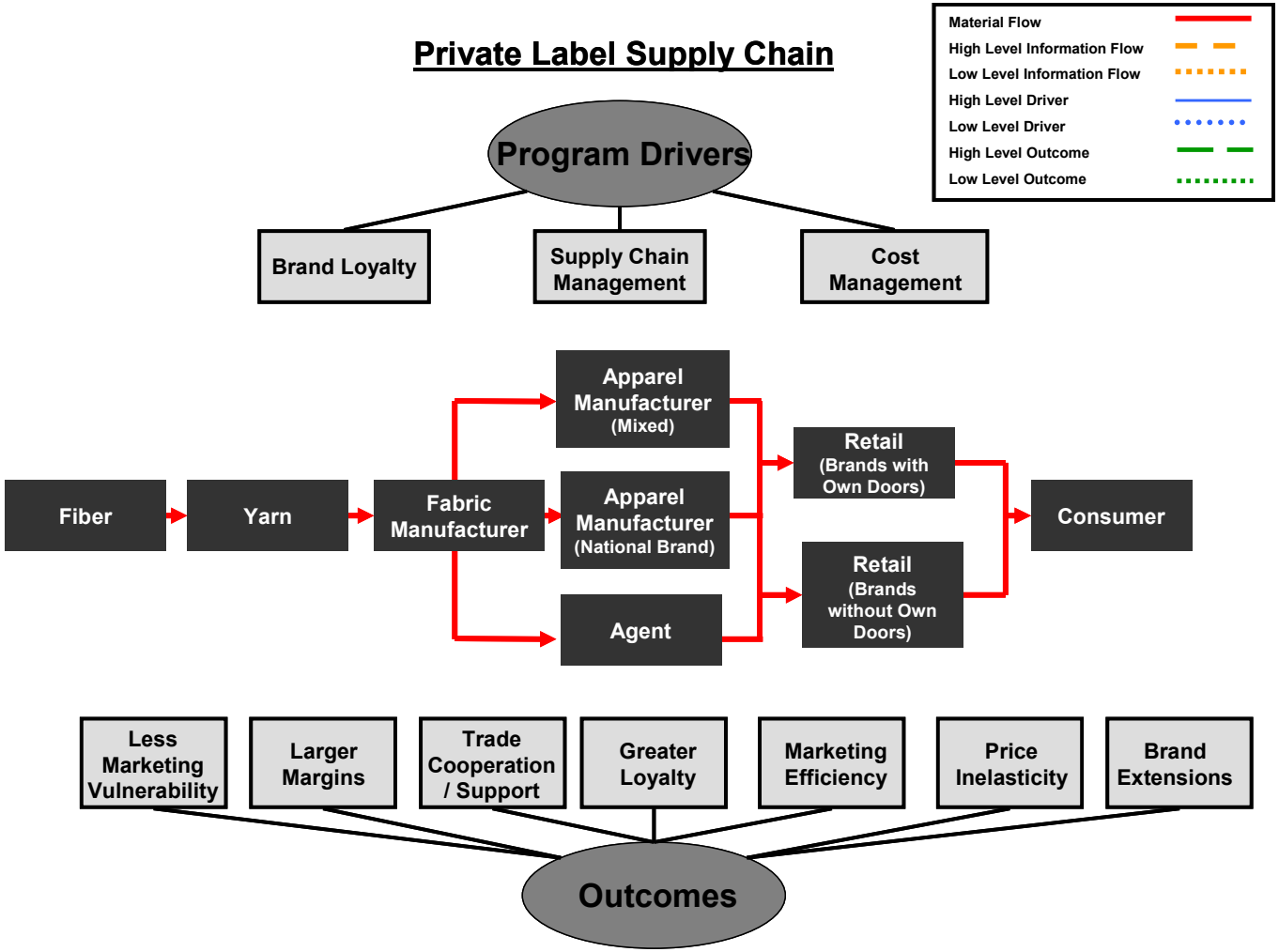

Figure 41: Private label denim jean supply chain model – skeletal model

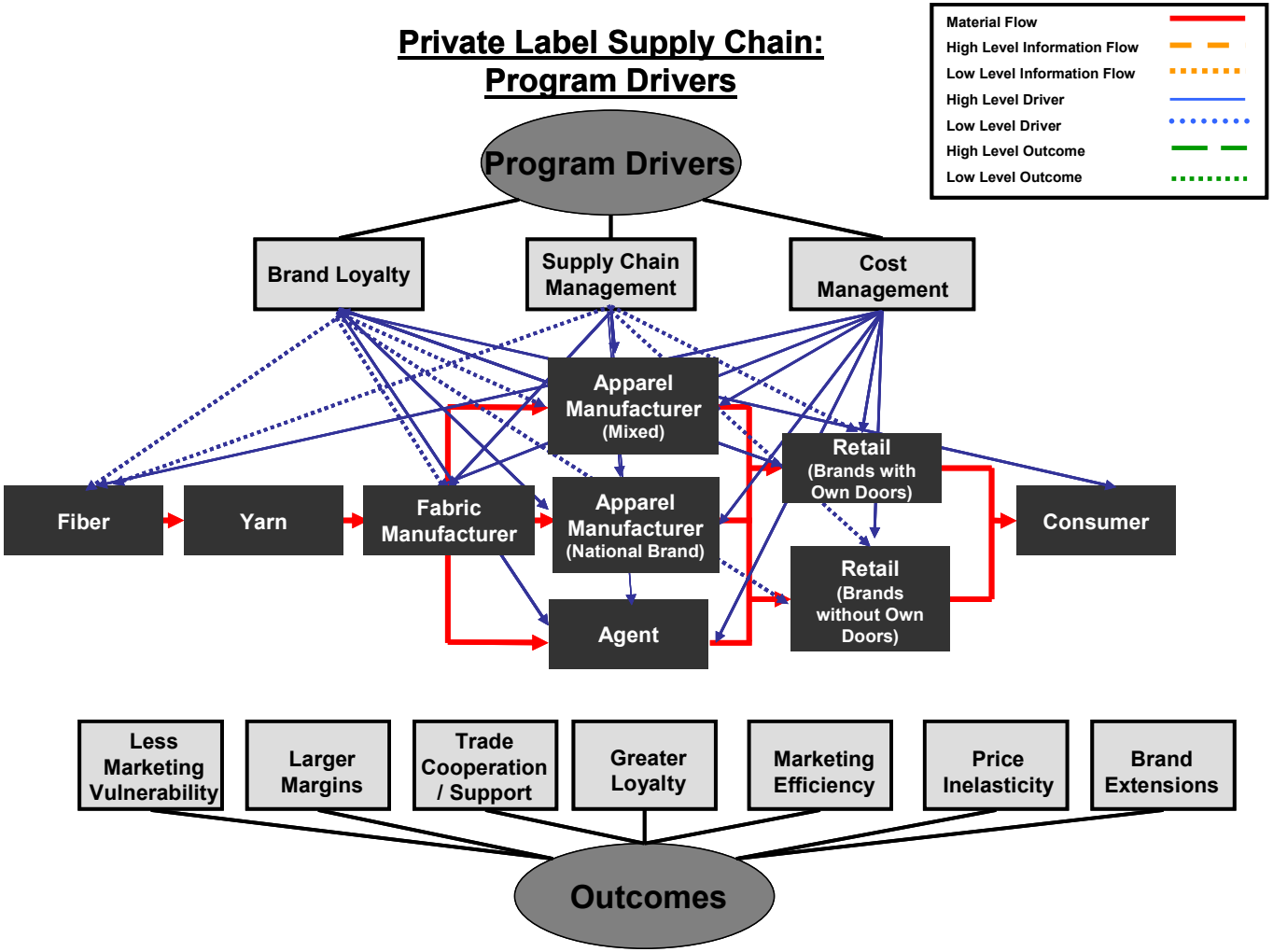

Figure 42: Private label denim jean supply chain model - program drivers

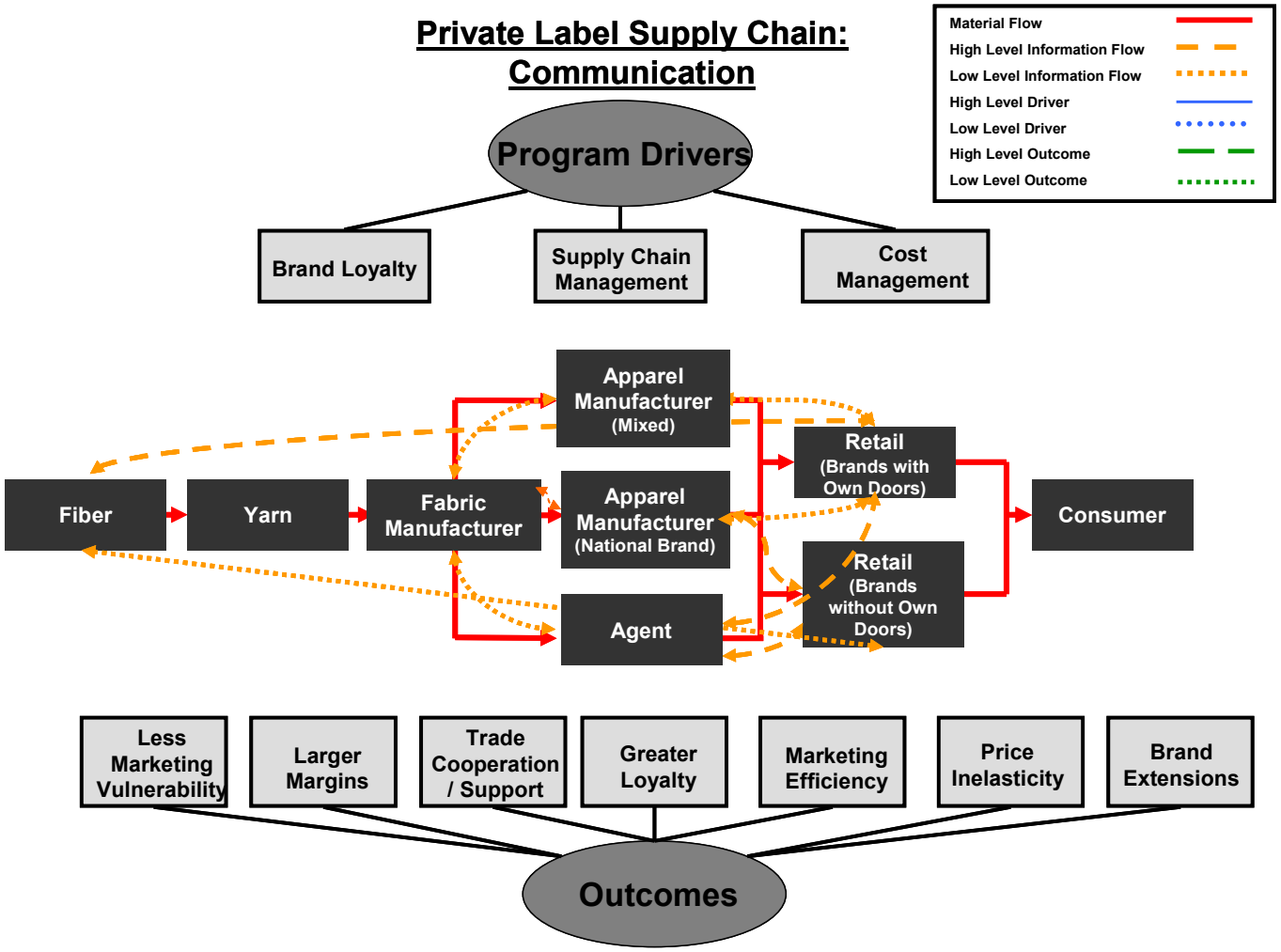

Figure 43: Private label denim jean supply chain model - communication

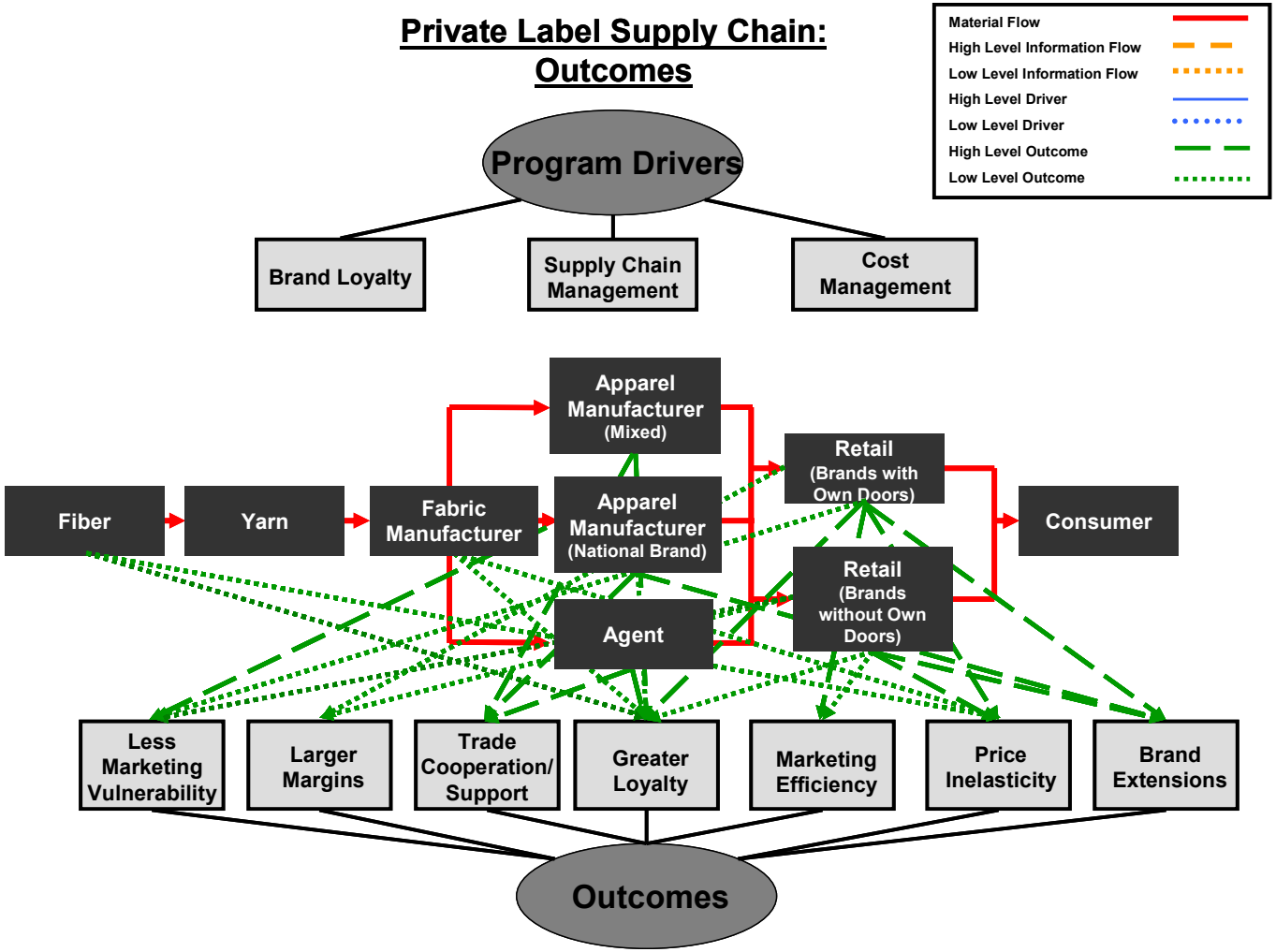

Figure 44: Private label denim jean supply chain model - outcomes

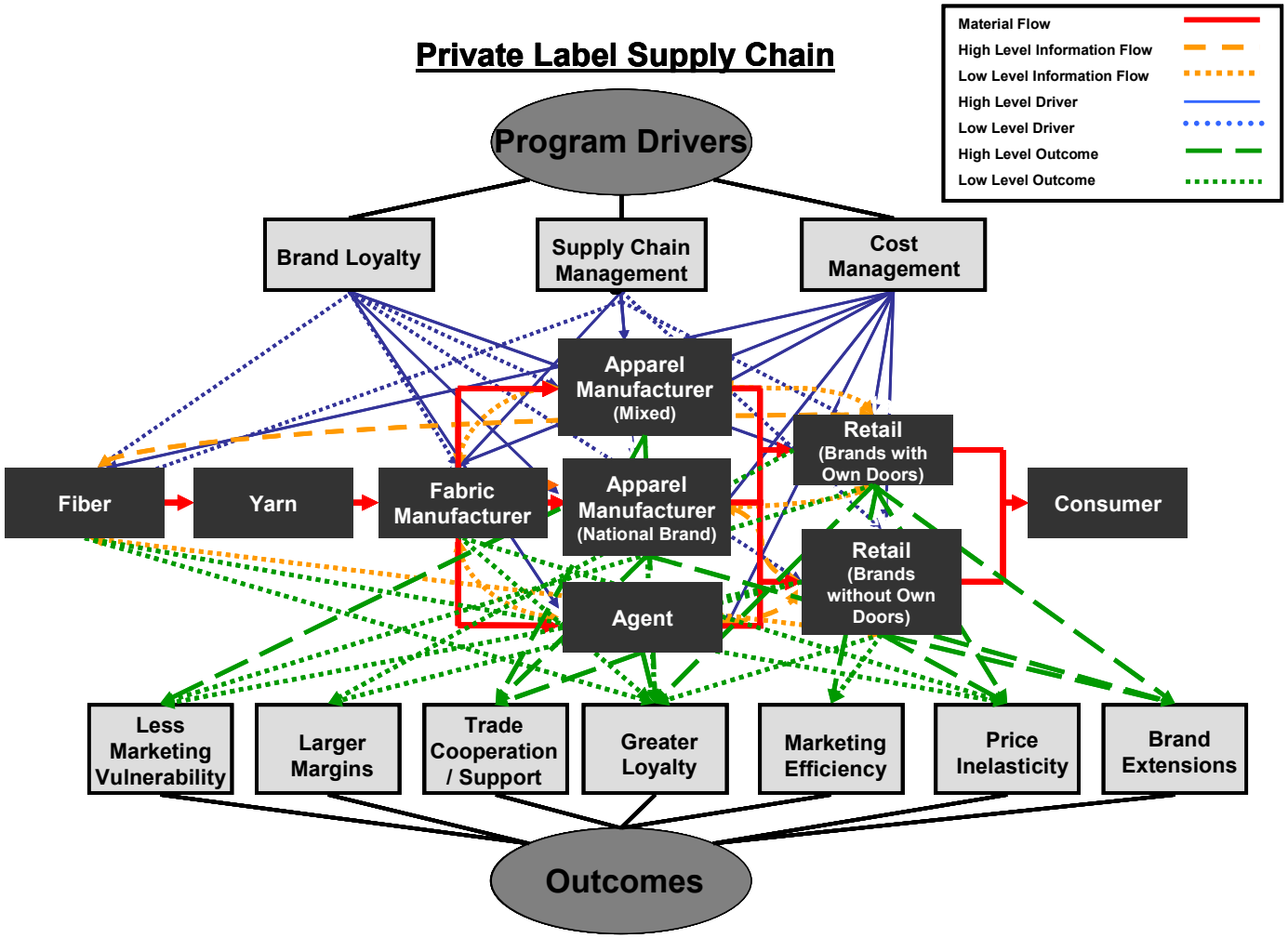

Figure 45: Private label denim jean supply chain model

CHAPTER V

CONCLUSIONS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

Summary

Private labels have become an increasingly important part of the retail apparel industry; however, the reason(s) for which they have been added to firms' portfolios has not been thoroughly researched or discussed in the academic or industry literature. The motivation for and outcomes of private label implementation at retail was therefore the focus of this study.

The purpose of this research was to determine the reasons for which private label, programs are employed by retailers. The research focused on two potential rationales: 1) *internal outcomes*, which are defined by the researcher as those that are primarily controlled by the firm through internal actions that seek such results as greater control over the supply chain and costs, and 2) *external outcomes*, though influenced by the firm, are ultimately determined by the consumer as brand loyalty.

The review of literature offered an explanation of the progression of logic used in the conceptual framework for this study. Additionally, it examined the current literature available in academia and industry. The conceptual model began with the generic competitive strategies offered by Porter (1990), was narrowed to a single strategy through Aaker's (1998) success factors of differentiation and Barney's (2002) differentiation tools, finally the focus of the study was on the potential outcomes of a brand offered by Keller (1998).

The methodology used in this study consisted of three phases. Phase I used a deductive research design (quantitative). The goal of the deductive analysis was to determine the level of, and differences between, the loyalty associated with national and private label brands. In order to accomplish this goal, STS longitudinal panel data was employed. The sample consisted of 12,254 denim jean purchasers.

Phase II used an inductive research design (qualitative). The inductive phase was used to expand upon the findings from phase one, as well as gain data on the internal outcomes associated with private label brands. In order to accomplish Phase II a case study methodology was employed. The two-page discussion guide was developed by the researcher and was used to acquire depth of information on the three outcomes, as well as uncover potential rationales for program implementation. The sample consisted of 30 companies and 34 interviewees from the following five sectors: fiber, fabric, apparel manufacturing, apparel agents, and retail. The information collected from industry interviews brought a deeper level of understanding as to why private label programs are implemented at retail.

Phase III was a co-interpretation of analyses from Phases I and II. The goal of this section was to visually depict the motivations for private label program implantation, relationships and communication within the supply chain, and outcomes of program participation for each sector.

Summary of Results

Phase I Results (External Outcomes)

1. **Loyalty.** Though initially hypothesized, purchasers of private label denim jeans are not more loyal than purchasers of national brand denim jeans.
    - 58% of purchasers exclusively bought national brands
    - 33% of purchasers exclusively bought private labels

2. **Gender:** Men are much more likely to purchase and be loyal to national brands.

3. **Market Size:** Market size does not significantly affect the purchase of private label or national brands.

4. **Income:** As income increases, consumers are more likely to purchase private label, denim jeans.

5. **Education:** As education levels increase, consumers are more likely to purchase private label, denim jeans.

6. **Race:** Race plays a significant role in private label and national purchases – African Americans are much more likely to purchase national brands while all other races, especially Asians, are more likely to purchase private labels.

7. **Retail Outlet:** Of private labels sold, there were very few sold at department stores and less than expected sold at chain stores. The majority of private labels sold were at specialty stores and the number sold through direct mail was more than expected.

8. **Marital Status:** Marital status plays an important role in private label purchases – those that are married or divorced are more likely to purchase national brands, while those that are single are more likely to purchase private labels.

9. **Occupation:** Those that are considered professionals or students are much more likely to purchase private label, denim jeans. Those that worked in "blue collar" positions were more likely to purchase and be loyal to national brands.

10. **Region:** The East is likely to cross-shop and/or be loyal to national brands. The Central region is not loyal to either brand type. The South is likely to be national brand loyal. The West has high cross-shopping and loyalty to national brands.

11. **Price:** Those consumers with high levels of brand loyalty, for either private label or national brand, are likely to spend more money on their jean purchase. Private label loyalist, however, spend less than national brand loyalists.

Phase II (Internal Outcomes)

1. Purpose of Private Label: The purpose of private label programs varies significantly as one moves down and within the supply chain. Those that manufacture are driven by reasons far different than those at retail; however, even those within a sector have contrary reasons for which they have entered the private label product area.

2. 5 Important Reasons For Which Private Label Programs are Implemented

- Margins
- Complete control of both price and product
- Quality of merchandise
- Automatic shelf space
- Fill holes in product offering

3. Importance of Three Drivers: Ranking[16]

1) Cost Management
2) Supply Chain Management
3) Brand Loyalty

4. Importance of Cost Management

- Extremely important
- Enables retailer to make money "on the buy" and "on the sell"
- Inventory cost savings
- MARGINS

5. Importance of Supply Chain Management

- Very important
- Lead-time reductions
- Control over price and quality
- Run a shorter supply chain – reduce cost and lead-time

6. Importance of Brand Loyalty

- Important, but more success with national brands
- Value drives loyalty
- Combination of product, cost, and image
- Emotional Connection

Phase III (Co-Interpretation of Analyses)

1. Variation Within and Among Sectors. Much variation exists when looking within an individual sector in terms of company strategy, interaction with supply chain members,

[16] This ranking was not determined by numbers or rankings given by the interviewees, but by the conversations had with the researcher.

and program outcomes. Additionally, differences are significant between sectors in terms of perceptions of success, program drivers, and program communication and collaboration.

2. Much Opportunity. When studying the model, many areas in which each sector may capitalize on improvement become obvious. In order to identify these areas of opportunity, the dotted lines, or those entitled "low level" could be enhanced.

Significance of Study

This study is significant for five reasons:

1. Current void in the literature. There exist many reasons for private label programs, but few discuss the industrial ramifications in terms of customer loyalty, supply chain and cost management. This study examines these potential consequences through industry case studies.

2. Past private label food emphasis. Second, past research has been focused on the implementation and consequences of private label food programs, but do not consider the effects on the apparel industry.

3. Co-analysis of data – quantitative and qualitative. Much of the current literature focuses on individual, attitudinal data which expresses what a consumer *might* do, but does not actually represent true behavior or actions. This research deals with consumer behavior.

4. Totality of study – consideration of entire supply chain. This study considers the outcomes of private label programs for all members of the supply chain, as opposed to one sector. This holistic approach allows a better understanding of how firms interact to successfully produce a private label program.

5. Private Label Competitive Strategy Model. It is important to identify the effectiveness of a competitive strategy for a firm. This study provides a model for which industry can determine the potential benefits of employing private label programs as a competitive strategy.

Implications

Industry[17]

Fiber Findings[18]

1. Working with private label retailers creates another means of selling product. Even though it may not be as profitable, it does increase overall demand for fiber.
2. National brand manufacturers and retailers are more loyal than those involved in private label.
3. Although placed furthest upstream, fiber manufacturers have a great amount of communication with retailers and manufacturers.

Fiber Recommendations

1. Work closely with retailers on consumer trends in an effort to increase "product hit rate" for both retailer and fiber manufacturer
2. Communication with the retailer tends to be stronger than with manufacturer, work on increased information sharing with all members of the supply chain
3. Form alliances with yarn and fabric manufacturers to create exclusive products for key accounts (both retail and apparel manufacturers). Exclusivity is a key factor for all parties when establishing relationships and loyalty to a company or brand

Fabric Findings

1. U.S. denim manufacturers primarily target premium accounts for their product in order to get high margins.
2. Denim manufacturers had no/few loyalty measurements in place.
3. Communication, collaboration, and information sharing with retailers was low/poor.
4. The greatest cost for fabric manufacturers and retailers in final product is typically the wash or finish used on the denim.

Fabric Recommendations

1. Although premium accounts are most profitable, leveraging factories, resources, and product innovations would distribute overhead more easily and enable denim manufacturers more long-term success

[17] See Chapter 4, Results, for further discussion of findings.
[18] Cautionary Statement: Only one fiber company was interviewed, therefore the results may not be generalized to all members of the sector.

2. Definitely monitoring loyalty of denim customers, at both the corporate as well as consumer level, would be worthwhile. This measurement would enable the manufacturer to better service key accounts and develop plans/relationships that might increase loyalty
3. In recommendation 2, the idea that relationships and loyalty might increase was established. In order to institute such a bond, it is necessary to have strong communication and collaboration in place. A liaison should be put in place to ensure such relationships and promote long-term affiliations
4. The greatest cost to manufacturers and retailers in production is the wash/finish of the denim. Working to develop economies of scale, leverage current finishes, or improve processes would give denim manufacturers a distinct advantage

Apparel Findings

1. National brands have a much higher level of brand loyalty than private labels
2. National brands conduct significantly more customer loyalty research than private label manufacturers
3. Production lead-times varied from 4-52 weeks
4. Two different cost drivers could be key to a firm – marketing/advertising or product/sourcing

Apparel Recommendations

1. National brands have a higher level of brand loyalty and more systems in place to monitor and measure loyalty. Lessons can be learned from their successes – private labels should conduct more customer research and modify product to better meet customer demand.
2. Product lead-times are variable with the shortest running at only four weeks. If such quick response is a capability, manufacturers could better capitalize on fast fashion, as it is becoming more important to the retailer and consumer.
3. Apparel manufacturers must structure their firm's costs in one of two ways depending on their positioning – to be price/product leader or lifestyle/innovator. Funds should then be better allocated to effectively achieve one role.

Agent Findings

1. Retailers tend to be very loyal to agents
2. Agents have a transparent level of information/communication with retailers
3. Although adding another member to the supply chain, agents feel their presence in the system is necessary and highly beneficial

Agent Recommendations

1. Continue to bring more to the value equation. Retailers are becoming more savvy and capable of performing the development and sourcing functions typically executed by the agent

2. Consider forward and backward integration. By acting as a manufacturer and/or retailer, it is possible for an agent to better leverage their skills and personnel over more territory.
3. Consider acting as retail consultants in addition to agents. The wealth of information held by agents was above and beyond what is held in any other sector of the industry. It would be worthwhile to leverage such knowledge and foresight.

Retail Findings

1. Distinct differences exist between specialty private brands and those sold at mass, chain, and department stores. Strategy and loyalty are quite variable
2. Loyalty to the brand is not prevalent, but loyalty to the store and/or lifestyle associated with the store has a high degree of loyalty by consumers
3. There is a discrepancy between the level of communication and collaboration retailers believe they give to upstream supply chain members and those supply chain member's satisfaction with the relationships
4. The level of brand loyalty research varies across retailers
5. The key costs associated with product varies considerably from retailer to retailer

Retail Recommendations

1. There is much more loyalty by consumers to specialty store private brands. This is likely due to the overall image and lifestyle portrayed by specialty stores that the other retailers are not capable of displaying due to their varying product and brand types. Retailers at mass, chain, and department stores would benefit from developing a stronger image that is then communicated through their product to the consumer. Consistency is the overall key.
2. Brand loyalty is not strong by most consumers; however, store loyalty is thought to have much greater constancy. Consumers tend to have a great affection for stores and therefore are loyal to the establishment, not the product they carry. Retailers should therefore work on building their store image, not necessarily their brand image.
3. Retailers typically stated that they shared significant amounts of information with upstream supply chain members; however, when talking with other sectors, this was not the case. What is suggested from the research is greater cooperation and collaboration with suppliers.
4. Many retailers do not have brand loyalty or consumer loyalty measurements in place. If retailers were to better monitor purchase consistency, they could better service their customer with product and services.
5. The key costs associated with product varied considerably among retailers depending on their target market. Specialty retailers were likely to spend great amounts of money creating store ambiance while chain stores spent their allowance on weekly flyers and promotions. Retailers should determine a means for measuring the productivity of the dollars they spend on such endeavors and then re-evaluate such spending.

Consumer Findings

1. Consumers are far more loyal to national brands than private label jeans
2. Men are more loyal than women to a given brand, especially national brands
3. Ethnicity is a key factor in brand loyalty
4. Region is a determinant of brand loyalty and shopping patterns

Consumer/Retail Recommendations

1. Increase marketing toward men. If you can appeal to men then your likelihood of a long-term consumer is significantly higher.
2. Create a consistent product offering – style and fit – for women. These two factors tend to appeal to that gender.
3. Research the reason(s) for which African Americans and Hispanics are loyal to national brands. Transfer these qualities to your private labels in an effort to capture this market
4. Consumers in the East and West are most likely to cross-shop, but have some loyal tendencies. Retailers should develop programs that will further engage such propensities – reward programs, marketing, etc.

Academia

Literature Review Findings

1. Private label cannot be defined by exclusivity of product. Other criteria such as store type needs to be considered.
    a. This is inconsistent with the definitions of Mariotti, 1999; KSA, 2003; and Keller, 1998.
2. Private label is typically a reason for private label programs, but never the key driving force.
    a. This disagrees with the findings of Mullick-Kanwar, 2004
3. National brands are working at combating the threat of private label product and the control it is gaining in the marketplace.
    a. This is similar to the findings of Rodrigue, Christina S., and Abhijit Biswas (2004)
4. Brand loyalty can be measured by the repeat, exclusive purchase of a product or product category
    a. This is similar to the findings of Copeland, 1923; Churchill, 1942; Brown, 1952; Cunningham, 1956
5. Retailers have control over private label programs, not manufacturers.
    a. This is consistent with the findings of Datamonitor, 2000
6. Margins are higher for private label product and therefore the driving cause of programs for retailers
    a. This is consistent with the findings of Garretson, Fisher, & Burton, 2002; Narasimhan, 1988; Steiner, 2004
7. The apparel supply chain from fiber to consumer has many barriers to communication that make transparency and success difficult.

    a. No literature could be found on this topic
8. There has been a large rise in the number and importance of proprietary brands
    a. No literature supports this finding

Literature Review Recommendations

1. Future research should focus on a definition of private label that looks at differences in store type.
2. Future research should look at the rise in proprietary brands
3. Future research should consider the communication and collaboration within the apparel supply chain

Limitations of Study

Phase I – Quantitative

1. The data set used for the quantitative analysis represents behavioral data.

    a. Behavioral data captures actual consumer behavior while attitudinal data are often antecedents to consumer behavior and explain the reason for which consumers purchase. Strictly using behavioral data limits the amount of inference available as to why the consumer is purchasing.

2. The data set used for quantitative analysis may not be representative of the entire population. The data are collected through online, mail and telephone communication – such information may not be representative of the masses (NPD, 2005).

3. Only one regression model, Logistic regression, was used to determine loyalty predictors. Other models, such as the Poisson, would be appropriate for the data, and would offer depth of information on the subject.

4. Greater analysis needs to be done to determine clearer profiles of purchasing groups. Further exploration of loyalty and psychological drivers would generate more dynamic results.

Phase II – Qualitative

1. Firms represented in the qualitative portion of the study are a sample and not an entire population. While the sample selection was determined using a structured method, not all firms that participate in private label denim jean production and sales are represented in the sample.

2. The concept of cost management is addressed in the case study section of the research, however, specific financial information on profitability of private label programs versus national brands, return on investment and margins is not documented. The responses given in the case studies are not verified by documented numbers and are therefore unfounded information.

3. Not all sectors were equally represented in the sampling, retail was more heavily sampled.

4. The yarn spinning sector was not interviewed. This sector could have potentially provided additional insight into the behavior of retailers and rationale for private label programs.

5. Those industry representatives interviewed were primarily upper-level management. The perspective therefore given in this study is that from a strategy or managerial viewpoint, as opposed to those who interact with the data, product, and development on a daily basis.

Phase III – Co-interpretation

1. Only one fiber manufacturer was represented in the study. This representation should not lead to generalizations about all fiber manufacturers.

2. No yarn spinners were interviewed in phase II, therefore, it was not possible to determine information sharing, outcomes or rationales for the model.

All Phases

1. The study is focused on denim jeans and cannot be generalized to the entire textile and apparel industry. The quantitative section of the study uses purchasing behavior within the denim jean category and does not consider other product categories. The population identified and sample selected for the case studies only included manufacturers of denim fabric, manufacturers of denim jeans, and retailers of denim jeans.

Future Research

1. Future research would benefit from the use of additional statistical models, such as the Poisson regression model, in determining the presence of customer loyalty
2. Phase I looked at behavioral data associated with brand loyalty, future research would benefit from considering both attitudinal, as well as behavioral data.
3. Future research should consider the costs associated with owning and controlling a private label program, as opposed to working with an agent. This research should determine what method is most cost effective and why.
4. Future research ought to consider the apparel manufacturer's businesses strategies – push versus pull. Considering the specific research question, "apparel manufacturers take on private label business to fill excess capacity or do they actually drive business as a growth opportunity?"

5. Future research might consider the consumer's understanding of brands at three levels – national brand, proprietary brand, and private label.

6. Future research should work to redefine private label. Current definitions consider a private label to be one that is "exclusive" to a store/firm, however, significant differences exist between those carried in specialty stores and those carried elsewhere.

7. The growing phenomenon of proprietary brands should be of increased interest to researchers. Future research should consider motivation for existence and reasons for current growth.

8. Much information has been given on the business strategies of the firms interviewed for this study. Future research should compare these strategies with their overall growth rate, product successes, and profitability.

9. The model developed in this study shows many opportunities for companies to increase competitiveness in the private label business. Future research could consider each individual sector and do further analysis on strategy implementation.

10. Future research could compare the textile and apparel industry with private label hard goods and food to determine similarities and differences in rationales, communication, and outcomes.

11. The concept of a "circle of loyalty" was established in Chapter 4. This model has not been thoroughly researched. Future studies should consider this consumer behavior from both the perception of the customer, as well as the retailer.

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APPENDIX A: RISKS OF THE GENERIC STRATEGIES

Appendix A: Risks of the Generic Strategies

Source: Porter, M.E., (1998). *Competitive Strategy.* New York: Free Press

Generic Strategy	Required Skills and Resources	Possible Benefits (same for all three)	Possible Risks
Cost Leadership	- Sustained capital investment and access to capital - Process engineering skills - Intense supervision of labor - Products designed for ease in manufacture - Low-cost distribution system	- Earn above average returns - Defense against power of the buyer - Defense against power of the supplier - Creates high barriers to entry - Decreases likelihood of substitute products being a significant threat	- Technological change nullify past investments or learning - Low-cost learning by industry newcomers or followers, through imitation or advanced facilities - Inflation in costs that narrow ability to maintain price - Inability to see need for change because of attention paid to cost
Differentiation	- Strong marketing abilities - Product engineering - Creative flair - Strong capability in basic research - Corporate reputation for quality or technology - Long tradition in industry or unique combination of skills from other businesses - Strong cooperation from channels		- The cost differential between low-cost competitors and differentiated firms becomes too great - Buyers' need for differentiated factor falls - Imitation narrows perceived differentiation, a common occurrence as industries mature
Focus	- Combination of the above policies directed at the directed at the particular strategic target		- Competitors find submarkets within the strategic target & outfocus the focuser - differences between entire market and submarket narrows

APPENDIX B: THE EXPLOSION OF CHOICE

Appendix B: The Explosion of Choice

Source: Trout, J. (2000). *Differentiate or Die.* New York: John Wiley and Sons Inc.

Appendix B: The Explosion of Choice
Source: Trout, J. (2000). *Differentiate or Die.* New York: John Wiley and Sons Inc.

Item	Early 1970s	Late 1990s
Vehicle models	140	260
KFC menu items	7	14
Vehicle styles	654	1,212
Frito-Lay chip varieties	10	78
SUV styles	8	38
Breakfast cereals	160	340
PC models	0	400
Pop-Tarts	3	29
Software titles	0	250,000
Soft drink brands	20	87
Web sites	0	4,575,894
Bottled water brands	16	50
Movie releases	267	458
Milk types	4	19
Airports	11,261	18,202
Colgate toothpastes	2	17
Magazine titles	339	790
Mouthwashes	15	66
New book titles	40,530	77,446
Dental flosses	12	64
Community colleges	886	1,742
Prescription drugs	6,131	7,563
Amusement parks	362	1,174
OTC pain relievers	17	141
TV screen sizes	5	15
Levi's jean styles	41	70
Houston TV channels	5	185
Running shoe styles	5	285
Radio stations	7,038	12,458
Women's hosiery styles	5	90
McDonald's items	13	43
Contact lens types	1	36

APPENDIX C: ONE-PERSON BRANDS

Appendix C: One-Person Brands
Source: Branch, S. (1999). "The Brand Builders." *Fortune*.

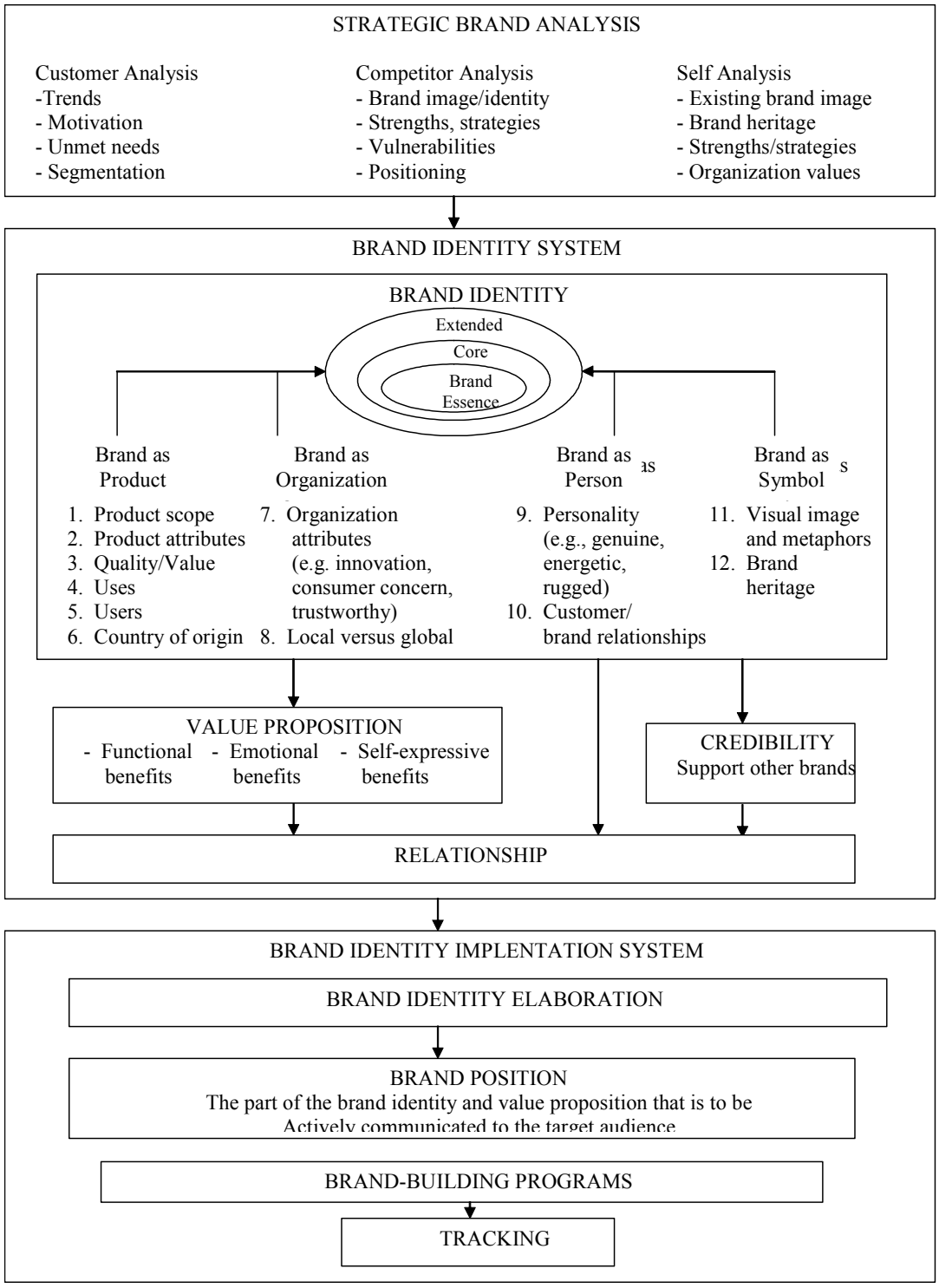
Some of the century's great brands have been inseparable from their builders

Founder	Company	Image
Richard Branson	Virgin Atlantic	Flyboy, cola novice
Walt Disney	Disney	Cultural animator
Hugh Hefner	Playboy Enterprises	Dirty-mag mogul, pajama wearer
Mary Kay Ash	Mary Kay Cosmetics	Pancake peddler, direct seller
Frank Perdue	Perdue Farms	Poultry professional (raw material)
Colonel Sanders	KFC	Poultry professional (ready-to-eat)
Charles Schwab	Charles Schwab	Mutual funds populist
Martha Stewart	Martha Stewart	Lifestyle engineer
Dave Thomas	Wendy's	Regular guy
Donald Trump	Trump Organization	Transformer of old hotels, self

APPENDIX D: THE EXPLOSION

Appendix D: Brand Identity Planning Model

Source: Aaker, D, & Joachimthaler, E. (2000). *Brand Leadership*. New York: The Free Press.



APPENDIX E: BRANDING MODELS WITH APPLICTATION TO TEXTILE & APPAREL INDUSTRY

Appendix E: Branding Models With Application to Textile & Apparel Industry

Source: Bruer, S., Cassill, N., & Jones, M. (2005, Spring). Branding to Compete: Applications to Textiles and Apparel. *Journal of Textile and Apparel, Technology and Management*, 4(3).

Model	**Description**	**Application to Textile & Apparel Industry**
Brand Identity Planning Model *Source: Aaker & Joachimsthaler (2000)*	•Analyze 3 components of a competitive environment: customer, competitor and self	•Assists firms in identifying brand applications to all aspects of the organization (internal/external) •Determines best means by which firm will develop brand identity
Building Consumer-Based Brand Equity *Source: Keller (2002)*	•3 categories of equity building: 1)brand-building tools and objectives; 2) consumer knowledge effects; and 3) branding benefits	•Aids firms in developing a continual process that creates equity through the use of different branding strategies •Particular strategies are identified based on strength of the firm
4-D Model of Branding *Source: Gad (2001)*	•4 dimensions contribute to successful branding: functional concerns, social concerns, spiritual concerns and mental concerns	•Model will serve as a tool to better understand the consumer mindset when observing/perceiving brands
The Pyramidal Model of Branding *Source: Kapferer (1994)*	•Develops different stages of branding that results in a successful brand throughout time	•Model allows firms to understand way in which brand may/will progress through time. •Enables firm to adjust strategy to meet opportunities or threats
The Brand Strategy™ Doctrine Process *Source: Knapp (2000)*	•Develops the fundamental principles that a firm should use when creating a brand both internally and externally	•Gives firms a system to develop a brand and implement or communicate them to consumers
Integrated Brand Model **Source: LePla & Parker**	•Three ring model that helps a firm understand the consumer and then convey the brand both internally and externally	•Profile three levels of activity with a brand (from internal to external) •Helps develop drivers that will best reach the consumer

APPENDIX F: GLOSSARY OF BRANDING TERMS

Appendix F: Glossary of Branding Terms

Source: Erenli, M. (2004). "Branding model for the apparel manufacturers/marketers and soft goods retail industries." *Unpublished Thesis, North Carolina State University.*

Brand: A name, term, sign, symbol, design or combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition (Keller, 2002).

Brand Awareness: The consciousness of consumers of the product and the brand (Aaker, 1993).

Brand Building: The process of constructing a name into a brand (Borca, 2001).

Brand Champion: The high level executive person globally in charge of the brand in multi-brand owning companies (Aaker & Joachimstahler, 1999).

Brand Equity: A set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or hat firm's customers (Aaker, 1996).

Supply Chain: The supply chain is the entire chain where the good is produced, distributed and delivered to the end user (Handfield, 2001).

Textile Supply Chain: The textile supply chain traditionally includes raw fiber supplier, yarn spinners, fabric formers (weavers/knitters), finishers, apparel manufacturers and retailers (Dickerson, 1996).

Brand Name: The name of the brand that distinguishes the brand from other products (Keller, 2003).

Brand Owner: Physical or legal entity who owns the license rights of names (Erenli, 2003).

Customer Analysis: Collection of comprehensive data on customer demographics and customer preferences (Armstrong & Kotler, 2002).

Brand as a product: Identification of a brand through the associations the product forms (Aaker, 1993).

Brand as an organization: The identification of brand with the parent organization (Aaker, 1993).

Brand as a person: The outward face of a brand; its tonal characteristics most closely associated with human traits (Upshaw, 1995).

Brand as a symbol: The identification of a brand by associating strongly with the heritage and communication through distinct and recognized logos and slogans

Brand Image: Generally synonymous with either the brands strategic personality or its reputation as a whole (Upshaw, 1995).

Brand Identity: The total perception of a brand in the marketplace, driven mostly by its positioning and personality (Upshaw, 1995).

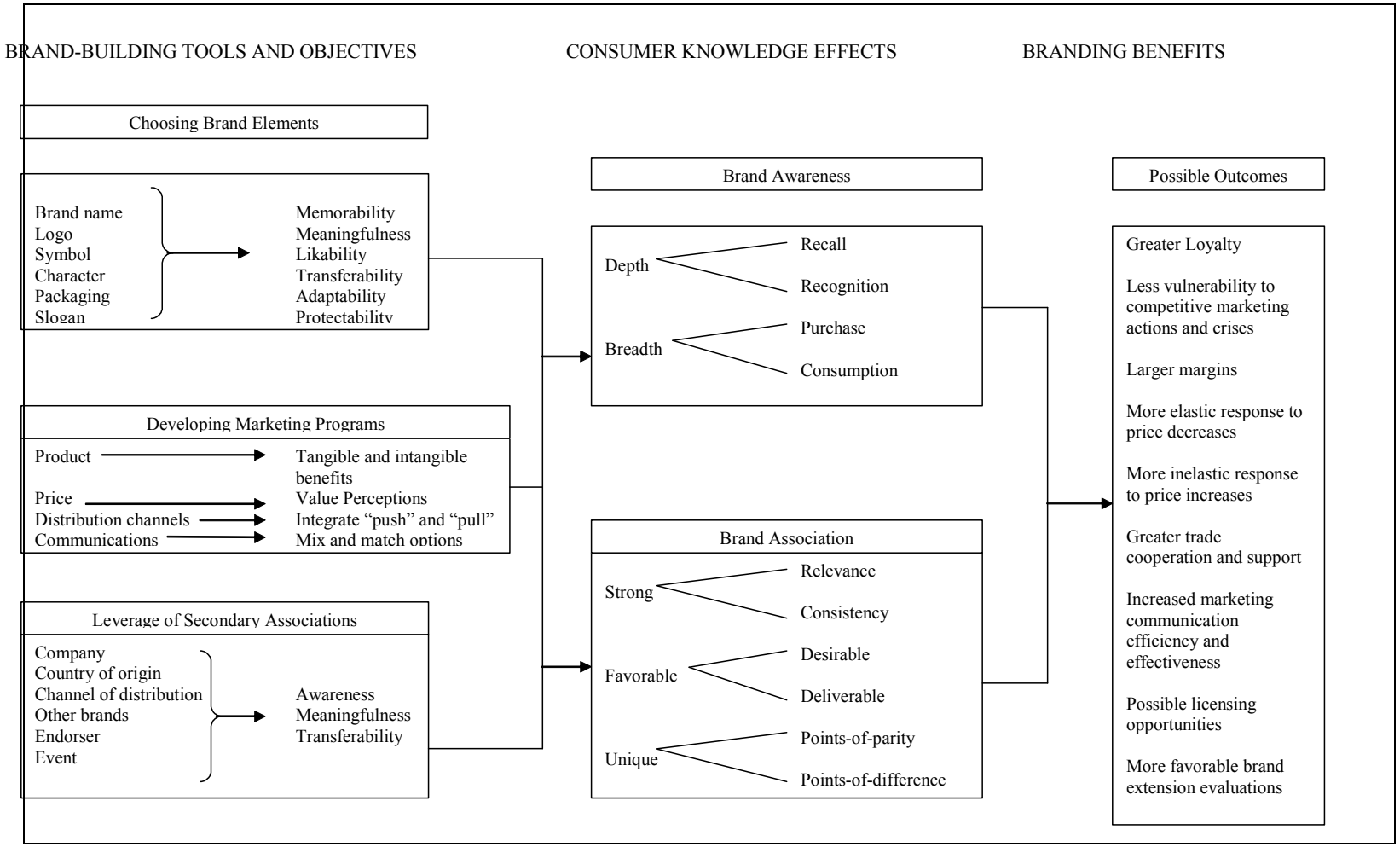
Target Audience: Potential buyers of the company's products, current users, deciders or influencers; individuals, groups, particular publics or the general public (Kotler, 2000).

Brand Positioning: the act of relating one facet of a brand to a set of consumer expectations, needs, and desires.

APPENDIX G: BUILDING CONSUMER-BASED BRAND EQUITY

Appendix G: Building Consumer-Based Brand Equity

Source: Keller, K. (1998). *Building, Measuring, and Managing Brand Equity.* New Jersey: Prentice Hall.



APPENDIX H: VALUE OF GLOBAL BRANDS AS MEASURED BY INTERBRAND

Appendix H: Value of Global Brands as Measured by Interbrand

Source: Perrier, P. (1999). *Interbrand's World's Most Valuable Brands (* reports of a June 1999 study sponsored by Interbrand and Citigroup.

Rank Order	Brand	Brand Value $ Billions	Market Capitalization $ Billions	Brand Value as Percent of Market Capitalization
1	Coca-Cola	$83.8	$142.2	59%
2	Microsoft	56.7	271.9	21
3	IBM	43.8	158.7	28
4	GE	33.5	328.0	10
5	Ford	32.2	57.4	58
6	Disney	32.3	52.6	58
7	Intel	30.0	144.1	21
8	McDonald's	26.2	40.9	64
9	AT&T	24.2	102.5	24
10	Marlboro	21.0	112.4	19
11	Nokia	20.7	46.9	44
12	Mercedes	17.8	48.3	37
13	Nescafe	17.6	77.5	23
14	Hewlett-Packard	17.1	54.9	31
15	Gillette	15.9	42.9	37
16	Kodak	14.8	24.8	60
22	BMW	11.3	16.7	77
28	Nike	8.2	10.6	77
36	Apple	4.3	5.6	77
43	Ikea	3.5	4.7	75
54	Ralph Lauren	1.6	2.5	66

APPENDIX I: PRIVATE LABEL RETAILERS AND BRANDS

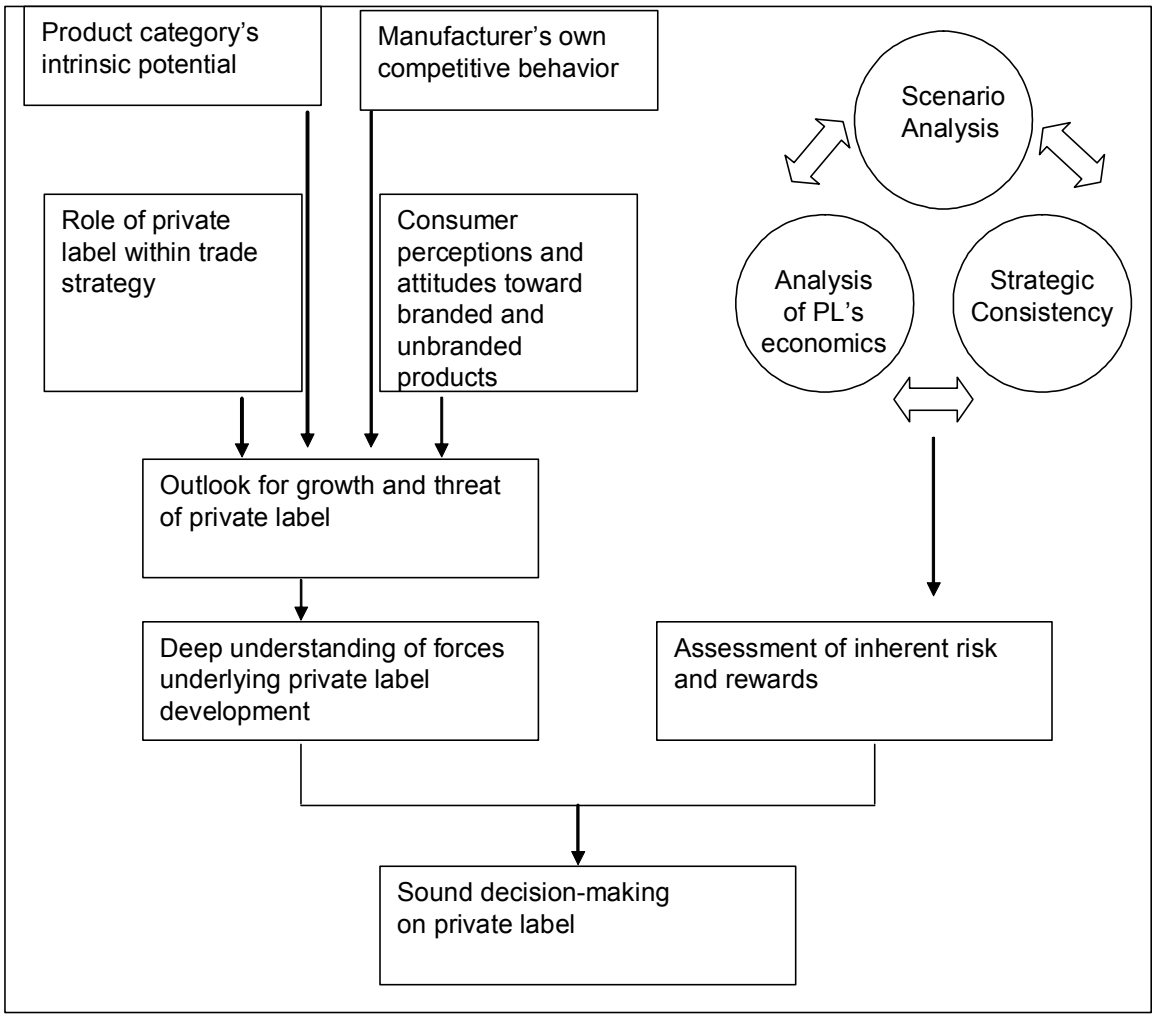
Appendix I: Private Label Retailers and Brands
Source: Author (Bruer, S., 2005)

Retailer	Brands	Comments
Kohl's	Sonoma	Recent growth in private label, but still feature and exploit national brands
Macy's	Hotel Collection by Charter Club, INC International Concepts	Expects continued growth, Means of competing against retailers at mass and other department stores
Wal*Mart	George, Sam's Choice	Aspires to gain the title of largest private label apparel retailer with George; currently accounts for 75% of private label growth in the industry
Target	Mossimo	Acquired an already recognized brand name to carry over into various brand categories in an effort to create a successful private label
K mart	Martha Stewart	K mart has seen their investment in the domestic diva Marth Stewart take a hit as her insider trading and incarceration have damaged her personal image and the brand with which she is associated
Sears	Lands' End and Structure	Sears has acquire two brand names that have similar demographics and psychographics in an effort to appeal to their current hardgood customers through softgoods
J.C. Penney	Chris Madden, Arizona	J.C. Penney followed a similar track by engaging a domestic personality to endorse their home products and have developed an apparel line internally to appeal to the young adult market

APPENDIX J: PRIVATE LABEL DECISION-MAKING

Appendix J: Private label decision-making

Source: Rodrigue, Christina S., and Abhijit Biswas (2004), "Brand Alliance Dependency and Exclusivity: An Empirical Investigation," *Journal of Product & Brand Management*, 13 (7), 477-487, pg. 90



APPENDIX K: INVESTIGATING THE OUTLOOK OF PRIVATE LABEL

Appendix K: Investigating the outlook of private label

Source: Rodrigue, Christina S., and Abhijit Biswas (2004), "Brand Alliance Dependency and Exclusivity: An Empirical Investigation," *Journal of Product & Brand Management*, 13 (7), 477-487, pg. 91

	Key Issues to Address	Typical Findings
Role of private label within trade strategy	Will retailers use PL to fight against the leader, or to develop the category in a cooperative way? How does PL's role differ from country, retailer, product category? How is the role likely to evolve in the future?	PL involves a partnership with the organized trade. Strength and durability of the partnership must be assured.
Consumer perceptions and attitudes toward branded and unbranded products	Do consumers perceive PL as cheap, lower quality "me too" products, or as a reliable alternative providing better value? How do perceptions for differ by country, product category, retailer? In which category, and why, do consumers have strong preference for branded products? How are preferences likely to evolve? In which categories and why do consumers perceive that price I synonymous with quality? How long will this perception last?	Consumers make the final purchasing decision. Understand what specific benefits they look for in a PL
Product category's intrinsic potential	Does a specific product category represent an important volume within total consumer expenditures, and therefore a significant source of sales for retailers? Is a specific product category a commodity with low value-added, and therefore hard or impossible to differentiate?	Not all product categories share the same nature and intrinsic potential for PL
Manufacturers' own competitive behavior	Can manufacturers limit PL's growth, and therefore the degree of threat it poses? Which variables can they control to limit the category's attractiveness for PL from the perspective of consumers and retailers?	PL is not an independent segment, but a set of non-differentiated, competing brands that seriously threaten the leaders – who can, however, protect themselves from this threat

APPENDIX L: LOYALTY BUILDING STRATEGY BY CUSTOMER STAGE

Appendix L: Loyalty Building Strategy by Customer Stage

Source: Griffen, J. (1995).

SUSPECTS / PROSPECTS

Primary focus: Overcome suspect/prospect apprehension

Action Steps

1. Project a leadership image
2. Listen/look for buyer apprehension
3. Address new buyer apprehensions with
   - empathy/encouragement
   - client "success stories";
   - free consultation offer; and
   - product/service guarantees

FIRST-TIME CUSTOMER

Primary focus: Meet/exceed new customer expectations

Action Steps

1. Exceed new customer expectations
2. Build a vision for return visits
3. Say thank you for business
4. Invite customer to return

REPEAT CUSTOMER

Primary focus: Provide value-added benefits with each repurchase

Action Steps

1. Uncover/satisfy customer needs, using
   - value-added visits; and
   - cross-selling hooks
2. Sell your loyalty-building products and services
3. Analyze any competitive purchases for permanent shifts or temporary lapses
4. Seek regular customer feedback

CLIENT

Primary focus: Tailor service to the needs of the particular client

Action Steps

1. Practice customized care. Look for ways to help customer "reinvent" themselves
2. Don't take the customer's continued business for granted
3. Let the client know it's smart to do business with you
4. Continually seek input and feedback

ADVOCATE

Primary focus: Get clients to sell for you

Action Steps

1. Encourage advocacy through letters of endorsement from clients, referral acknowledgments, and recommend-a-friend rewards
2. Develop and regularly communicate with your network of clients and other business influencers

INACTIVE CUSTOMER OR CLIENT

Primary Focus: Develop "win back" plan based on inactivity diagnosis

Action Steps

1. Detect inactivity as early as possible. Let customer know that he or shi is missed
2. Activate special communication/purchase offers to woo customer back
3. If defection is certain, ask "what can we do to win back your business?" and listen closely. Meet the customer's requirements, communicate changes, and ask for the business
4. Be patient with the inactive customer. Stay in touch

APPENDIX M: CUSTOMER LOYALTY MEASURES

Appendix M: Customer Loyalty Measures

Source: Author (Bruer, S., 2005)

Measure	Explanation	Research Researchers
Proportion-of-Purchase Measures		
Exclusive Purchase	BL exists when a consumer exclusively purchases a single brand	Copeland, 1923; Churchill, 1942; Brown, 1952
Market-Share Concept	BL exists when a predetermined percentage of a consumer's total purchases is with a single brand (example: 50%)	Cunningham, 1956
Hard-Core Criterion	Same as market-share concept, but with a higher cut-off point of 75%	Lipstein, 1959
Two-Thirds Criterion	Market share with a cut-off of 67%	Charlton and Ehrenberg, 1976
Dual Brand Loyalty	BL is measured by the percentage of total purchase devoted to the two most frequently purchased brands	Cunningham, 1956
Triple Brand Loyalty	BL is measured by the percentage of total purchase devoted to the two most frequently purchased brands	Cunningham, 1956
FRA	BL is measured by an index calculated by the percentage of the sum of the top five brands purchased in a product category	McCann, 1974
Sequence-of-Purchase Measures		
Divided Loyalty	Purchase sequence alternates between two brands (ABABAB)	Brown, 1952
Unstable Loyalty	Purchase sequence changes after a period of loyalty (AAABBB)	Brown, 1952
Three-in-a-Fow Criterion	Purchase sequence shows at least three in a row of a given brand	Tucker, 1964; McConnell, 1968
Number of Brand Runs	A brand run is a consecutive sequence of purchases of the same brand. The lower the number of brand runs, the stronger the BL.	Massy, Frank, an Lodahl, 1968
Average Length of Brand Runs	This measure looks at the number of brands contained in a consumer's brand run	Massy, Frank, an Lodahl, 1968
Synthesis Measures		
The Shopping Matrix	A matrix is created in which customers can indicate which stores and brands they frequent. BL customers are those that frequent many stores, but few brands	Dommermuth, 1965
Sheth Factor Scores	BL is measured by scores generated by proportion-of-purchase scores weighted by the sequence in which the brand was obtained	Sheth, 1968
Massy, Frank, and Lodahl Factor Scores	BL is measured by a factor analytic combination of proportion-of-purchase data and average length of run data	Massy, Frank, and Lodahl, 1968

Measure	Explanation	Researchers
Miscellaneous Loyalty Measures		
Lost-Gained Ratio	Given data on purchases made at two points in time, the brand with the lowest ratio of lost-to-gained customers is said to have the greatest BL	Cunningham, 1956
Nm	Loyalty is here defined as the average number of brands bought by families of Brand m	Farley, 1964
Sm	This measure of loyalty is the percentage of families differing in their most preferred brand (MPB) from the first to the second halves of the year	Farley, 1964
Nar	Loyalty is here defined as the number of brands within a product class purchased during a given period of time (e.g., one year) by a given family	Farley, 1964
Sar	This is a measure of MPB switching and takes on the value of 1 if the MPB during the seconf half of the year differs from the first half. If the MPB remains the same throughout the year, this index becomes 0	Farley, 1964
Private-Brand Loyalty (PBL)	Consumers are considered private brand loyal if they report purchasing such brands across a variety of different product categories	Brown, 1972
New-Resident Loyalty	If after a move, consumer return to the same brand and store they frequented previously, they are said to be brand loyal	Dupuy, 1975
Dealer/Agency Loyalty	When applied to automobiles, consumers are termed brand loyal if they purchase from the same dealership two or more times	Nordstrom and Swan, 1976
Rental Brand Loyalty	Similar to the exclusive purchase criterion in that consumer continue the same rental agreement over time	Livesy, 1973
Probability-of-Purchase Measures		
First-Order (Markov) Probability of Repurchase	BL can be determined from a first-order stationary matrix of transition probabilities	Lipstein, 1959
Average Staying Time	Using the first-order matrix, it is possible to determine the number of times a consumer will purchase a brand by taking the reciprocal of the probability of switching from the brand	Lipstein, 1959
Repeat Purchase Probability	BL is determined by the relative frequency of purchases devoted to a specific brand during a set of previous purchases	Frank, 1962
Return Purchase Probability	The probability of a brand switcher returning to the original brand he/she bought	Frank, 1962

APPENDIX N: CONFIDENTIALITY AGREEMENT

Appendix N: Confidentiality Agreement

Subject: Data Set Authorization
From: "Shanna M. Bruer" <smbruer@unity.ncsu.edu>
Date: Wed, January 25, 2006 1:03 pm
To: MMessura@cottoninc.com
Cc: nlcassil@ncsu.edu
Priority: Normal
Create Filter: Automatically | From | To | Subject
Options: View Full Header | View Printable Version | View Message details | Bounce

Hi Mark,

Thanks so much for taking the time to look over my preliminary statistics yesterday. Here is a note stating that I understand the capacity in which I can use the Cotton Incorporated data set:

I understand that the Cotton Incorporated STS data set has been provided for use on the research project "Determining Private Label Outcomes: Brand Loyalty, Supply Chain and Cost Management" for use only in my dissertation. It is not to be shared with or distributed without the explicit authorization of Cotton Incorporated.

I'll keep you updated about on my progress and will schedule an appointment to share with you my results.

Thanks again,

Shanna

APPENDIX O: STS VARIABLES

Appendix O: STS Variables

Member Number
Age
State Code
Region Code
County Code
Market Size Code
Household Size
Household Income
Age of Male head of Household
Occupation of Male Head of Household
Hours worked Male Head of Household
Education of Male Head of Household
Age of Femal Head of Household
Occupation of Female Head of Household
Hours worked Female Head of Household
Education of Female Head of Household
Race/ Ethnicity
Hispanic
Age Presence of Children
Member Status - Web or Mail
Male / Female
WhereBorn
FamilyOrigin
MaritalStatus
OccPanelist
Purchase Year
Purchase Month
Purchase Day
Processing Year
Processing Month
Outlet Code
Outlet Alpha
How Purchased
Total Price Paid (xxxx.xx)
Sale / Regular
Purchased By
Brand Code
Brand Alpha
Item Description
Color of Denim - Men's & Women's Jeans Only
Wrinkle Resistant
Style: Capr i- Women's bottoms only
Style: Carpenter -Men's & Women's bottoms
Style: Bootcut - Men's & Women's bottoms
Style: Flared - Women's bottoms only
Style: WideLeg - Men's & Women's bottoms
Style: LowRise - Women's bottoms only
Style: Pleated/Not Pleated -Men's & Women's jeans, slacks, shorts
Style: Cargo Pockets - Men's & Women's jeans, slacks, shorts
Style: Cuffed - Men's & Women's jeans, slacks, shorts
Waist/Fly: Zipper/Button Fly - Men's bottoms & Women's bottoms (excluding skirts & dresses)
Waist/Fly: Elastic Waistband - Men's bottoms & Women's bottoms (excluding skirts & dresses)
Waist/Fly: Drawstring - Men's bottoms & Women's bottoms (excluding skirts & dresses)
Fit - Men's bottoms & Women's bottoms (excluding shorts, skirts/dresses)
Size: for all clothings including Waist for Men's pants and Neck for Men's shirts
Size Type
Primarily Worn For
Adjusted Census Projection Factor (xxx.xx)
Projected Units (xxxx.xx) in thousands
Projected Dollars (xxxxxx.xx) in thousands
Channel - STS Proprietary
Outlet Groups
Brand Tag
STS Item Tag
Unit Price
Number of Units - Adjusted
Label
Transactions
SpecialDeal
GroupPackage
NumberPackages
PackagePrice
Month to date 2001
Month to date 2002
Month to date 2003
Month to date 2004
Month to date 2005
Jan-June 2004 & 2005
2001 Processing Year
2002 Processing Year
2003 Processing Year
2004 Processing Year
2005 Processing Year
Processing Month 2001
Processing Month 2002
Processing Month 2003
Processing Month 2004
Processing Month 2005
Processing months into quarters
Age breaks for wearer
Four Major Age Breaks
Boomers, Xers, Ys, Greatest
Alternate Age Groups
Proj 000 Units
Proj 000 Dollars
Projected Million Units
Projected Million Dollars
Retail Channels
Price Breaks A
Prices $25 increments
Unit prices A
Price Breaks B
Price Breaks C
Unit prices 5-10 dollar increments
Sale or Regular price
Household income ci
Household income broken into 4 categories
Three major groups
Ttl Hispanics
Hispanics or Non
Region broken into 4 categories
Primarily worn for
Fit for bottomswear
Pleated or not
Plus sizes only - 14 and up
Not plus sizes (13 and smaller)
Children in the household under 18
Revised PL/Nat'l brands
Nat/PL
Total Apparel incl. UW and 2005 products
Total apparel by gender exclu. UW
Total apparel by gender incl. UW
total apparel detailed
Total tops incl. sweaters
Total bottomswear by gender
Total Sweat Apparel by Gender
Total Slacks by gender
Slacks Market dress & casual
Total Knit Shirts, M & F
Total shirts & blouses by gender
Men's and Women's Knit Shirt Purchases
Men's and Women's Woven Shirt Purchases
Women's Dresses
Women's Skirts
Women's Skirts & Dresses
Women's Skirt_Dress Purchases

Men's and Women's Jeans
Purchases
Men's and Women's Casual Slack
Purchases
Men's & Women's Chinos no
denim or cord
Men's and Women's Dress Slack
Purchases
Men's and Women's Shorts
Purchases
Men's and Women's Sweater
Purchases
Total Apparel exclu. Intimates and
2005 products
Top Retailers
Federated Dept. Stores
May Dept. Stores
Target & Mervyn's
Gap Inc.
TJX Company
Limited Brands
Nordstrom
Saks Incorporated
Wal-Mart & Sam's Club
Denim Bottom Apparel Market
Total Denim Bottomswear Market
Total Denim Bottoms by Gender
Color of denim jeans
Women's Denim Jeans
Men's Denim Jeans
Female Denim Market
Men's Denim Market
Men's and Women's Denim Jeans
Purchases
Total Denim Products Not by
Gender
Lycra/Spandex
Percent stretch
Total Denim Products Combined
Casual and Dress Slacks
Q1 by years
Q2 by years
Q3 by years
Q4 by years
StretchPercent

APPENDIX P: QUESTIONNAIRE

Appendix P: Questionnaire

INTERVIEW QUESTIONS (for retailers):

Note: Prior to interview, research will be completed on the company's background (company development, recent performance, private label products, competitors, and future strategy) through the use of company publications, industry publications and news articles.

* question does not apply to retailers who do not carry national brand product

Contact/Background Information

Identification #_____

Date of Interview_____

Preliminary Questions About Firm's Private Label Strategy:

1. How much of INSERT FIRM NAME's total business consists of private label?
2. What divisions of INSERT FIRM NAME are involved in the development of your private label program? What role does each division play?
3. Why does INSERT FIRM NAME employ a private label strategy (over a mixed strategy for retailers that are store/brand retailers)?
4. How would you classify your private label strategy (premium, average or budget)?
5. What was INSERT FIRM NAME's *intentions* when establishing the private label program?
6. What *outcomes* has INSERT FIRM NAME seen/recorded as a result of their private label program?

Brand Loyalty Questions:

7. How would you define a "loyal customer" (would it be in terms of purchase frequency, exclusivity, etc.)?
8 On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is brand loyalty to the competitive strategy of INSERT FIRM NAME?
8. How does INSERT FIRM NAME believe their private label program effects customer loyalty? Why?
9. How does INSERT FIRM NAME measure customer loyalty?
10.* Do you believe that your national brand products have a greater amount of loyalty than your private label products? Why?

Supply Chain Management Questions:

11. How would you define "supply chain management" (Who is involved? What is managed?)?
12. On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is supply chain management to the competitive strategy of INSERT FIRM NAME?
13. What steps does a new private label product go through when being developed?

14. How long does this process take?
15. What firms are members of INSERT FIRM NAME's private label supply chain?
16. What divisions of the firms work together? Why? How?
17. How much communication and collaboration do the divisions have?
18. How much information sharing takes place between INSERT FIRM NAME and its supply chain members? What type of information is shared?
19. What advantages do you believe are created for INSERT FIRM NAME in terms of supply chain management? How? Why? (If not mentioned, prompt with speed and responsiveness to customer needs, lead time minimization, inventory velocity, fill rate, just-in-time; economic order quantity)
20. How is your speed to market a new product affected by having a private label strategy?
21. How are your upstream members of your supply chain (name specific textile and apparel manufacturers) affected by your private label strategy?

Cost Management Questions:
22. How would you define "cost management" (Who is involved? What is managed?)?
23. On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is cost management to the competitive strategy of INSERT FIRM NAME?
24. What advantages do you believe are created for INSERT FIRM NAME as a result of private label programs in terms of product cost control? How? Why? (If not mentioned, prompt with logistics cost, net asset returns, inventory investment cost)
25. If advantage exists, how are these cost savings distributed? Higher margins for INSERT FIRM NAME? Cost savings passed on to consumer in terms of lower prices?
26. What are the major costs associated with INSERT FIRM NAME's private label program development?
27.* What cost advantages does it have over strictly selling national brand products?
28. Do your upstream supply chain members receive any cost management benefits?

Closing Questions:
29. You mentioned that X amount of INSERT FIRM NAME's business consists of private label product, how do you see this changing in the future? Why?
30. What do you see in the future of private label programs for the textile and apparel industry?
31. Do you have any other comments?
32. May I re-contact you with additional questions if necessary?
33. Do you have any recommendations for other people that I should speak to about private label strategy?

Name_____
Title/Company_____
Contact Information_____

INTERVIEW QUESTIONS (for upstream supply chain members):

Note: Prior to interview, research will be completed on the company's background (company development, recent performance, private label products, competitors, and future strategy) through the use of company publications, industry publications and news articles.

Contact/Background Information

Identification #_____

Date of Interview_____

Preliminary Questions About Firm's Private Label Involvement:

1. How much of INSERT FIRM NAME's total business consists of supplying retailers of private label product?
2. What divisions of INSERT FIRM NAME are involved with (fabric or apparel) production for private label program? What role does each division play?
3. What was INSERT FIRM NAME's *intentions* when establishing their relationship with private label retailers?
4. What *outcomes* has INSERT FIRM NAME seen/recorded as a result of their involvement with private label program?
5. How would you classify the private label strategies of the firms you supply (premium, average or budget)?

Brand Loyalty Questions (about the firm):

6. How would you define a "loyal customer" (would it be in terms of purchase frequency, exclusivity, etc.)?
7. On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is brand loyalty to the competitive strategy of INSERT FIRM NAME?
8. How loyal are your private label retail customers to you? Compared with national brand retailers? How would you measure this?

Supply Chain Management Questions (about the firm):

9. How would you define "supply chain management" (Who is involved? What is managed?)?
10. On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is supply chain management to the competitive strategy of INSERT FIRM NAME?
11 What steps does a new (fabric or apparel product) being developed for a private label go through?
12. How long does this process take?
13. What firms are members of INSERT FIRM NAME's private label supply chain?
14. How much communication and collaboration do the divisions have?
15. What divisions of the firms work together? Why? How?
16. How much information sharing takes place between INSERT FIRM NAME and its supply chain members? What type of information is shared?

Cost Management Questions (about the firm) :
17. How would you define "cost management" (Who is involved? What is managed?)?
18. On a scale of 1-7 (with 1 being "not at all" and 7 being "of the utmost importance") how important is cost management to the competitive strategy of INSERT FIRM NAME?

Brand Loyalty Questions (about the retailer):

19. How do you believe private label programs affect retailers' customer loyalty? Why?

Supply Chain Management Questions (about the retailer):

20. What advantages do you believe are created for retailers in terms of supply chain management? How? Why? (If not mentioned, prompt with speed and responsiveness to customer needs, lead time minimization, inventory velocity, fill rate, just-in-time; economic order quantity)
Cost Management Questions:

21. What advantages do you believe are created for retailers as a result of private label programs in terms of product cost control? How? Why? (If not mentioned, prompt with logistics cost, net asset returns, inventory cost)

22. If advantage exists, how are these cost savings distributed? Higher margins for the retailer? Cost savings passed on to the consumer in terms of lower prices? Cost savings shared with upstream supply chain members?

Closing Questions:
23. You mentioned that X amount of INSERT FIRM NAME's business consists of private label product, how do you see this changing in the future? Why?
24. What do you see in the future of private label programs for the textile and apparel industry?
25. Do you have any other comments?
26. May I re-contact you with additional questions if necessary?
27. Do you have any recommendations for other people that I should speak to about private label strategy?
Name_____
Title/Company_____
Contact Information_____

APPENDIX Q: POPULATION IDENTIFCATION

Appendix Q: Population Identification

PLUNKETT'S APPAREL & TEXTILES INDUSTRY ALMANAC

Textiles, Fabrics, Sheets/Towels, Manufacturing (NAICS Code 313000)

Sales Rank	
1	TORAY INDUSTRIES INC*
2	TEIJIN LTD*
3	MOHAWK INDUSTRIES INC
4	ITOCHU CORP*
5	SHAW INDUSTRIES
6	MILLIKEN & CO
7	TOYOBO CO LTD*
8	CHORI COMPANY LTD*
9	KURARAY COMPANY LIMTED*
10	UNITIKA LTD*
11	NISSHINBO INDUSTRIES*
12	W L GORE & ASSOCIATES INC
13	NITTO BOSEKI CO LTD*
14	TOMEN CORP*
15	INTERFACE INC
16	ALBANY INTERNATIONAL CORP
17	UNIFI INC
18	POLYMER GROUP INC
19	OMNOVA SOLUTIONS
20	AVONDALE INC

Profit Rank	
1	POLYMER GROUP INC
2	MOHAWK INDUSTRIES INC
3	ITOCHU CORP
4	KURARAY COMPANY LIMTED*
5	ALBANY INTERNATIONAL CORP
6	TORAY INDUSTRIES INC*
7	VELCRO INDUSTRIES NV*
8	FUJI SPINNING COMPANY LTD*
9	DEVEAUX SA*
10	QUAKER FABRIC CORP
11	NISSHINBO INDUSTRIES*
11	NATIONAL TEXTILES LLC
12	SAFETY COMPONENTS INTERNATIONAL
13	TOHO TENAX CO LTD*
14	VICTORIA PLC*
15	XERIUM TECHNOLOGIES
16	ADS INC*
17	NITTO BOSEKI CO LTD*
18	FAB INDUSTRIES
19	DOGI INTERNATIONAL FABRICS SA*
* 20	DELTA WOODSIDE INDUSTRIES INC

* Foreign Company
Denim Involvement

Denim Involvement

UNIFI INC	CONE MILLS
DOGI INTERNATIONAL FABRICS SA*	JOHNSTON TEXTILES INC
DELTA WOODSIDE INDUSTRIES INC	MOUNT VERNON MILLS
AVONDALE INC	PARKDALE AMERICA LLC
DAN RIVER INC	PARKDALE MILLS INC
GALEY & LORD INC	PLAINS COTTON COOPERATIVE ASSOCIATION
BURLINGTON INDUSTRIES INC	TAVEX ALGODONERA SA*

Apparel Manufacturing - General
(NAICS Code: 315000)

Sales Rank	
1	VF CORP
2	INDUSTRIA DE DISENO TEXTIL SA*
3	LEVI STRAUSS & CO
4	GUCCI GROUP NV
5	SPRINGS INDUSTRIES INC
6	POLO RALPH LAUREN CORP
7	KELLWOOD CO
8	TOMMY HILFIGER CORP*
9	YKK CORP*
10	COLUMBIA SPORTSWEAR CO
11	OXFORD INDUSTRIES INC
12	DIESEL SPA*
13	PAXAR CORP
14	NAUTICA ENTERPRISES INC
15	JORDACHE ENTERPRISES INC
16	GIANNI VERSACE SPA*
17	HAGGAR CORP
18	GILDAN ACTIVEWEAR INC*
19	TROPICAL SPORTSWEAR INTERNATIONAL CORP
20	TARRANT APPAREL GROUP

Profit Rank	
1	INDUSTRIA DE DISENO TEXTIL SA*
2	VF CORP
3	GUCCI GROUP NV
4	POLO RALPH LAUREN CORP
5	COLUMBIA SPORTSWEAR CO
6	KELLWOOD CO
7	GILDAN ACTIVEWEAR INC*
8	YKK CORP*
9	NAUTICA ENTERPRISES INC
10	OXFORD INDUSTRIES INC
11	RAYMOND LTD*
12	PAXAR CORP
13	TED BAKER PLC*
14	ANVIL KNITWEAR INC
15	HAGGAR CORP
16	LAFUMA SA*
17	HAMPSHIRE GROUP LTD
18	CHAPELTHORPE PLC*
19	NEXT INC
20	IC ISAACS & COMPANY INC (GIRBAUD JEANS)

Denim Involvement	
INDUSTRIA DE DISENO TEXTIL SA*	KELLWOOD CO
VF CORP	NAUTICA ENTERPRISES INC
GUCCI GROUP NV	OXFORD INDUSTRIES INC
POLO RALPH LAUREN CORP	

Apparel Manufacturing – Men's and Boy's Clothing
(NAICS Code: 315220)

Sales Rank

1	**PHILLIPS-VAN HEUSEN CORPORATION**
2	**HUGO BOSS AG***
3	**GRUPPO ERMENEGILDO ZEGNA***
4	**HARTMARX CORP**
5	**PERRY ELLIS INTERNATIONAL INC**

Profit Rank

1	**HUGO BOSS AG***
2	**PHILLIPS-VAN HEUSEN CORPORATION**
3	**PERRY ELLIS INTERNATIONAL INC**
4	**HARTMARX CORP**

Denim Involvement	
HUGO BOSS AG*	**PERRY ELLIS INTERNATIONAL INC**
PHILLIPS-VAN HEUSEN CORPORATION	**SALANT CORP**

Apparel Manufacturing – Women's and Girl's Clothing
(NAICS Code: 315230)

Sales Rank	
1	LIZ CLAIBORNE INC
2	ST JOHN KNITS INTERNATIONAL INC
3	BERNARD CHAUS INC
4	JACLYN INC

Profit Rank	
1	LIZ CLAIBORNE INC
2	ST JOHN KNITS INTERNATIONAL INC
3	BERNARD CHAUS INC
4	JACLYN INC

Denim Involvement	
LIZ CLAIBORNE INC	GERRY WEBER INTERNATIONAL AG*
BERNARD CHAUS INC	KASPER ASL LTD
JACLYN INC	PARIS BLUES INC

Apparel Stores - General
(NAICS Code: 448000)

Sales Rank	
1	PINAULT-PRINTEMPS*-REDOUTE SA
2	GAP INC (THE)
3	TJX COMPANIES INC (THE)
4	HENNES & MAURITZ*
5	NEXT PLC
6	ROSS STORES INC
7	ZARA INTERNATIONAL INC
8	BURLINGTON COAT FACTORY
9	ABERCROMBIE & FITCH CO
10	ESPRIT HOLDINGS LTD*
11	AMERICAN EAGLE OUTFITTERS INC
12	QUIKSILVER INC
13	CORTEFIEL SA
14	PACIFIC SUNWEAR OF CALIFORNIA INC
15	STEFANEL SPA
16	GUESS? INC
17	WILSONS THE LEATHER EXPERTS INC
18	FACTORY 2 U STORES INC
19	HOT TOPIC INC
20	URBAN OUTFITTERS INC

Profit Rank	
1	HENNES & MAURITZ*
2	PINAULT-PRINTEMPS-REDOUTE SA*
3	TJX COMPANIES INC (THE)
4	GAP INC (THE)
5	NEXT PLC*
6	ROSS STORES INC
7	ABERCROMBIE & FITCH CO
8	ESPRIT HOLDINGS LTD*
9	AMERICAN EAGLE OUTFITTERS INC
10	BURLINGTON COAT FACTORY
11	PACIFIC SUNWEAR OF CALIFORNIA INC
12	QUIKSILVER INC
13	HOT TOPIC INC
14	FRENCH CONNECTION GROUP PLC
15	BUCKLE INC (THE)
16	URBAN OUTFITTERS INC
17	CORTEFIEL SA*
18	GUESS? INC
19	BIG DOG HOLDINGS INC
20	STEFANEL SPA*

Denim Involvement
HENNES & MAURITZ*
TJX COMPANIES INC (THE)
GAP INC (THE)
ROSS STORES INC
ABERCROMBIE & FITCH CO
ESPRIT HOLDINGS LTD*
AMERICAN EAGLE OUTFITTERS INC
BURLINGTON COAT FACTORY
PACIFIC SUNWEAR OF CALIFORNIA INC
QUIKSILVER INC
HOT TOPIC INC
FRENCH CONNECTION GROUP PLC*
BUCKLE INC (THE)
URBAN OUTFITTERS INC
CORTEFIEL SA*
GUESS? INC
STEFANEL SPA
SYMS CORP
ONE PRICE CLOTHING STORES INC
FACTORY 2 U STORES INC
ZARA INTERNATIONAL INC
FILENE'S BASEMENT CORP
BENETTON GROUP SPA*
MAX MARA FASHION SRL*

Apparel – Direct Selling
(NAICS Code: 448000A)

Sales Rank	
1	LANDS END INC
2	L L BEAN INC
3	BLAIR CORPORATION
4	COLDWATER CREEK INC
5	DELIA*S CORP
6	BLUEFLY INC

Profit Rank	
1	BLAIR CORPORATION
2	COLDWATER CREEK INC
3	BLUEFLY INC
4	DELIA*S CORP

Denim Involvement
BLAIR CORPORATION
COLDWATER CREEK INC
BLUEFLY INC
DELIA*S CORP
LANDS END INC
L L BEAN INC
BRYLANE INC
FASHIONMALL.COM INC

Apparel Stores, Men's
(NAICS Code: 448110)

Sales Rank	
1	MEN'S WEARHOUSE INC (THE)
2	CASUAL MALE RETAIL GROUP INC
3	JOS A BANK CLOTHIERS INC
4	S&K FAMOUS BRANDS INC

Profit Rank	
1	MEN'S WEARHOUSE INC (THE)
2	JOS A BANK CLOTHIERS INC
3	S&K FAMOUS BRANDS INC
4	CASUAL MALE RETAIL GROUP INC

Denim Involvement
CASUAL MALE RETAIL GROUP INC

Apparel Stores – Women's
(NAICS Code: 448120)

Sales Rank	
1	LIMITED BRANDS INC
2	INTIMATE BRANDS INC
3	JONES APPAREL GROUP INC
4	ARCADIA GROUP*
5	CHARMING SHOPPES INC
6	TALBOTS INC (THE)
7	ANNTAYLOR STORES CORP
8	ETAM DEVELOPPEMENT*
9	NEW LOOK GROUP PLC
10	CLAIRE'S STORES INC
11	CATO CORP (THE)
12	ESCADA AG*
13	DRESS BARN INC (THE)
14	WET SEAL INC (THE)
15	AEROPOSTALE INC
16	CHICO'S FAS INC
17	MOTHERS WORK INC
18	CHARLOTTE RUSSE HOLDING
19	UNITED RETAIL GROUP INC
20	J JILL GROUP INC (THE)

Profit Rank	
1	LIMITED BRANDS INC
2	JONES APPAREL GROUP INC
3	TALBOTS INC (THE)
4	NEW LOOK GROUP PLC
5	ANNTAYLOR STORES CORP
6	CLAIRE'S STORES INC
7	CHICO'S FAS INC
8	CATO CORP (THE)
9	CHRISTOPHER & BANKS CORP
10	AEROPOSTALE INC
11	DEB SHOPS INC
12	BEBE STORES INC
13	MOTHERS WORK INC
14	LOEHMANN'S HOLDINGS INC
15	CACHE INC
16	CHARLOTTE RUSSE HOLDING
17	DRESS BARN INC (THE)
18	J JILL GROUP INC (THE)
19	WET SEAL INC (THE)
20	GADZOOKS INC

Denim Involvement
LIMITED BRANDS INC
JONES APPAREL GROUP INC
TALBOTS INC (THE)
NEW LOOK GROUP PLC
ANNTAYLOR STORES CORP
CHICO'S FAS INC
CATO CORP (THE)
CHRISTOPHER & BANKS CORP
AEROPOSTALE INC
DEB SHOPS INC
BEBE STORES INC
MOTHERS WORK INC
LOEHMANN'S HOLDINGS INC
CHARLOTTE RUSSE HOLDING
J JILL GROUP INC (THE)
WET SEAL INC (THE)
GADZOOKS INC
CHARMING SHOPPES INC
UNITED RETAIL GROUP INC
ESCADA AG
ARCADIA GROUP
AMERICAN RETAIL GROUP INC
MANGO/MNG HOLDING SL
RETAIL BRAND ALLIANCE INC

Department Stores
(NAICS Code: 452110)

Sales Rank	
1	SEARS ROEBUCK & CO
2	GOTTSCHALKS INC
3	KARSTADT QUELLE AG*
4	ELDER BEERMAN STORES CORP (THE)
5	MAY DEPARTMENT STORES COMPANY (THE)
6	MARKS & SPENCER GROUP PLC*
7	J C PENNEY COMPANY INC
8	NORDSTROM INC
9	SAKS INC
10	NEIMAN MARCUS GROUP INC (THE)
11	BELK INC
12	STEIN MART INC
13	FEDERATED DEPARTMENT STORES INC
14	BOSCOV'S INC
15	STAGE STORES INC
16	GOODY'S FAMILY CLOTHING INC
17	BON-TON STORES INC (THE)
18	DILLARD'S INC

Profit Rank	
1	SEARS ROEBUCK & CO
2	ELDER BEERMAN STORES CORP (THE)
3	MARKS & SPENCER GROUP PLC*
4	MAY DEPARTMENT STORES COMPANY (THE)
5	GOTTSCHALKS INC
6	KARSTADT QUELLE AG*
7	NEIMAN MARCUS GROUP INC (THE)
8	NORDSTROM INC
9	BELK INC
10	STAGE STORES INC
11	SAKS INC
12	STEIN MART INC
13	BON-TON STORES INC (THE)
14	FEDERATED DEPARTMENT STORES INC
15	GOODY'S FAMILY CLOTHING INC
16	DILLARD'S INC
17	J C PENNEY COMPANY INC

Denim Involvement
SEARS ROEBUCK & CO
ELDER BEERMAN STORES CORP (THE)
MARKS & SPENCER GROUP PLC*
MAY DEPARTMENT STORES COMPANY (THE)
GOTTSCHALKS INC
KARSTADT QUELLE AG*
NEIMAN MARCUS GROUP INC (THE)
NORDSTROM INC
BELK INC
STAGE STORES INC
SAKS INC
STEIN MART INC
BON-TON STORES INC (THE)
FEDERATED DEPARTMENT STORES INC
GOODY'S FAMILY CLOTHING INC
DILLARD'S INC
J C PENNEY COMPANY INC
BOSCOV'S INC

Discount Stores

(NAICS Code: 452910)

Sales Rank	
1	**WAL-MART STORES INC**
2	**TARGET CORPORATION**
3	**KMART CORPORATION**
4	**KOHL'S CORP**

Profit Rank	
1	**WAL-MART STORES INC**
2	**TARGET CORPORATION**
3	**KOHL'S CORP**
4	**KMART CORPORATION**

Denim Involvement
WAL-MART STORES INC
TARGET CORPORATION
KOHL'S CORP
KMART CORPORATION

APPENDIX R: ANALYSIS OF VARIANCE

Appendix R: Analysis of Variance

ANOVA – Age

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	6	58163.576	9693.929	47.11	<.0001
Error	12247	2520086.536	205.772		
Corrected Total	12253	2578250.112			

R-Square	Coeff Var	Root MSE	AGE Mean
0.022559	42.31301	14.34475	33.90150

Source	DF	Anova SS	Mean Square	F Value	Pr > F
loy1	6	58163.57606	9693.92934	47.11	<.0001

Alpha	0.05
Error Degrees of Freedom	12247
Error Mean Square	205.7717
Critical Value of F	2.09933

Comparisons significant at the 0.05 level are indicated by *.**				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
7 - 4	2.8930	1.0695	4.7165	***
7 - 6	3.0048	0.8284	5.1812	***
7 - 1	3.2746	1.9823	4.5668	***
7 - 5	3.8136	2.4291	5.1980	***
7 - 3	5.2887	3.4138	7.1636	***

Comparisons significant at the 0.05 level are indicated by ***.				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
7 - 2	6.9667	5.0305	8.9029	***
4 - 7	-2.8930	-4.7165	-1.0695	***
4 - 6	0.1118	-2.5346	2.7582	
4 - 1	0.3815	-1.6026	2.3657	
4 - 5	0.9206	-1.1248	2.9659	
4 - 3	2.3957	-0.0089	4.8003	
4 - 2	4.0737	1.6210	6.5264	***
6 - 7	-3.0048	-5.1812	-0.8284	***
6 - 4	-0.1118	-2.7582	2.5346	
6 - 1	0.2697	-2.0429	2.5824	
6 - 5	0.8088	-1.5567	3.1742	
6 - 3	2.2839	-0.3982	4.9660	
6 - 2	3.9619	1.2365	6.6872	***
1 - 7	-3.2746	-4.5668	-1.9823	***
1 - 4	-0.3815	-2.3657	1.6026	
1 - 6	-0.2697	-2.5824	2.0429	
1 - 5	0.5390	-1.0511	2.1291	
1 - 3	2.0141	-0.0173	4.0456	
1 - 2	3.6921	1.6039	5.7803	***
5 - 7	-3.8136	-5.1980	-2.4291	***
5 - 4	-0.9206	-2.9659	1.1248	
5 - 6	-0.8088	-3.1742	1.5567	
5 - 1	-0.5390	-2.1291	1.0511	

Comparisons significant at the 0.05 level are indicated by ***.				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
5 - 3	1.4751	-0.6162	3.5664	
5 - 2	3.1531	1.0067	5.2996	***
3 - 7	-5.2887	-7.1636	-3.4138	***
3 - 4	-2.3957	-4.8003	0.0089	
3 - 6	-2.2839	-4.9660	0.3982	
3 - 1	-2.0141	-4.0456	0.0173	
3 - 5	-1.4751	-3.5664	0.6162	
3 - 2	1.6780	-0.8132	4.1691	
2 - 7	-6.9667	-8.9029	-5.0305	***
2 - 4	-4.0737	-6.5264	-1.6210	***
2 - 6	-3.9619	-6.6872	-1.2365	***
2 - 1	-3.6921	-5.7803	-1.6039	***
2 - 5	-3.1531	-5.2996	-1.0067	***
2 - 3	-1.6780	-4.1691	0.8132	

ANOVA – Household Size

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	6	84.37233	14.06206	5.50	<.0001
Error	12209	31227.77960	2.55777		
Corrected Total	12215	31312.15193			

R-Square	Coeff Var	Root MSE	HHSIZE Mean

R-Square	Coeff Var	Root MSE	HHSIZE Mean
0.002695	48.50316	1.599302	3.297315

Source	DF	Anova SS	Mean Square	F Value	Pr > F
loy1	6	84.37233336	14.06205556	5.50	<.0001

Alpha	0.05
Error Degrees of Freedom	12209
Error Mean Square	2.557767
Critical Value of F	2.09934

Comparisons significant at the 0.05 level are indicated by *.**				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
2 - 3	0.05687	-0.22104	0.33478	
2 - 5	0.07679	-0.16279	0.31638	
2 - 6	0.09710	-0.20711	0.40131	
2 - 4	0.13653	-0.13716	0.41021	
2 - 1	0.22379	-0.00926	0.45685	
2 - 7	0.23877	0.02274	0.45479	***
3 - 2	-0.05687	-0.33478	0.22104	
3 - 5	0.01992	-0.21351	0.25336	
3 - 6	0.04023	-0.25916	0.33961	
3 - 4	0.07966	-0.18865	0.34797	
3 - 1	0.16693	-0.05980	0.39365	

Comparisons significant at the 0.05 level are indicated by ***.				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
3 - 7	0.18190	-0.02728	0.39107	
5 - 2	-0.07679	-0.31638	0.16279	
5 - 3	-0.01992	-0.25336	0.21351	
5 - 6	0.02030	-0.24390	0.28450	
5 - 4	0.05973	-0.16865	0.28812	
5 - 1	0.14700	-0.03069	0.32469	
5 - 7	0.16197	0.00729	0.31665	***
6 - 2	-0.09710	-0.40131	0.20711	
6 - 3	-0.04023	-0.33961	0.25916	
6 - 5	-0.02030	-0.28450	0.24390	
6 - 4	0.03943	-0.25604	0.33490	
6 - 1	0.12670	-0.13159	0.38499	
6 - 7	0.14167	-0.10137	0.38471	
4 - 2	-0.13653	-0.41021	0.13716	
4 - 3	-0.07966	-0.34797	0.18865	
4 - 5	-0.05973	-0.28812	0.16865	
4 - 6	-0.03943	-0.33490	0.25604	
4 - 1	0.08727	-0.13425	0.30879	
4 - 7	0.10224	-0.10129	0.30577	
1 - 2	-0.22379	-0.45685	0.00926	
1 - 3	-0.16693	-0.39365	0.05980	
1 - 5	-0.14700	-0.32469	0.03069	
1 - 6	-0.12670	-0.38499	0.13159	

Comparisons significant at the 0.05 level are indicated by ***.				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
1 - 4	-0.08727	-0.30879	0.13425	
1 - 7	0.01497	-0.12938	0.15933	
7 - 2	-0.23877	-0.45479	-0.02274	***
7 - 3	-0.18190	-0.39107	0.02728	
7 - 5	-0.16197	-0.31665	-0.00729	***
7 - 6	-0.14167	-0.38471	0.10137	
7 - 4	-0.10224	-0.30577	0.10129	
7 - 1	-0.01497	-0.15933	0.12938	

ANOVA – Unit Price

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	6	63092577	10515429	7.45	<.0001
Error	12247	17280981877	1411038		
Corrected Total	12253	17344074454			

R-Square	Coeff Var	Root MSE	UNITPRIC Mean
0.003638	48.70532	1187.871	2438.894

Source	DF	Anova SS	Mean Square	F Value	Pr > F
loy1	6	63092576.94	10515429.49	7.45	<.0001

Alpha	0.05
Error Degrees of Freedom	12247

Error Mean Square	1411038
Critical Value of F	2.09933

Comparisons significant at the 0.05 level are indicated by *.**				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
7 - 6	12.08	-168.14	192.31	
7 - 2	27.62	-132.72	187.95	
7 - 1	52.87	-54.14	159.88	
7 - 3	60.93	-94.33	216.18	
7 - 5	162.06	47.41	276.70	***
7 - 4	219.84	68.83	370.84	***
6 - 7	-12.08	-192.31	168.14	
6 - 2	15.53	-210.15	241.21	
6 - 1	40.78	-150.73	232.29	
6 - 3	48.84	-173.26	270.94	
6 - 5	149.98	-45.90	345.85	
6 - 4	207.75	-11.39	426.90	
2 - 7	-27.62	-187.95	132.72	
2 - 6	-15.53	-241.21	210.15	
2 - 1	25.25	-147.67	198.17	
2 - 3	33.31	-172.98	239.60	
2 - 5	134.44	-43.30	312.19	
2 - 4	192.22	-10.89	395.33	
1 - 7	-52.87	-159.88	54.14	
1 - 6	-40.78	-232.29	150.73	

Comparisons significant at the 0.05 level are indicated by ***.				
loy1 Comparison	**Difference Between Means**	**Simultaneous 95% Confidence Limits**		
1 - 2	-25.25	-198.17	147.67	
1 - 3	8.06	-160.16	176.28	
1 - 5	109.19	-22.48	240.86	
1 - 4	166.97	2.67	331.27	***
3 - 7	-60.93	-216.18	94.33	
3 - 6	-48.84	-270.94	173.26	
3 - 2	-33.31	-239.60	172.98	
3 - 1	-8.06	-176.28	160.16	
3 - 5	101.13	-72.05	274.31	
3 - 4	158.91	-40.21	358.03	
5 - 7	-162.06	-276.70	-47.41	***
5 - 6	-149.98	-345.85	45.90	
5 - 2	-134.44	-312.19	43.30	
5 - 1	-109.19	-240.86	22.48	
5 - 3	-101.13	-274.31	72.05	
5 - 4	57.78	-111.60	227.15	
4 - 7	-219.84	-370.84	-68.83	***
4 - 6	-207.75	-426.90	11.39	
4 - 2	-192.22	-395.33	10.89	
4 - 1	-166.97	-331.27	-2.67	***
4 - 3	-158.91	-358.03	40.21	
4 - 5	-57.78	-227.15	111.60	

APPENDIX S: CHI-SQUARE RESULTS

Frequency Percent Row Pct Col Pct	GENDER		
Loyalty	GENDER		Total
	Male	Female	
PLL	930 7.59 40.93 16.74	1342 10.95 59.07 20.03	2272 18.54
MPL	241 1.97 29.94 4.34	564 4.6 70.06 8.42	805 6.57
LPL	263 2.15 30.3 4.73	605 4.94 69.7 9.03	868 7.08
NL	352 2.87 37.97 6.34	575 4.69 62.03 8.58	927 7.56
LNB	722 5.89 38.65 13	1146 9.35 61.35 17.11	1868 15.24
MNB	281 2.29 45.62 5.06	335 2.73 54.38 5	616 5.03
NBL	2766 22.57 56.47 49.79	2132 17.4 43.53 31.83	4898 39.97
Total	5555 45.33	6699 54.67	12254 100

Statistics for Table of loyalty by GENDER

Statistic	DF	Value	Prob
Chi-Square	6	473.07	<.0001
Likelihood Ratio Chi-Square	6	478.2626	<.0001
Mantel-Haenszel Chi-Square	1	289.5899	<.0001
Phi Coefficient		0.1965	
Contingency Coefficient		0.1928	
Cramer's V		0.1965	

Frequency Percent Row Pct Col Pct	Education of Male Head of Household							
	Loyalty	EDUMHOH						Total
		No Answer	Some High School or Less	High School Graduate	Some College/ Technical School	College Graduate	Post Graduate Work	
	PLL	181	84	314	555	445	233	1812
		1.82	0.84	3.16	5.58	4.47	2.34	18.21
		9.99	4.64	17.33	30.63	24.56	12.86	
		18.43	15.73	16.77	17.53	19.35	21.24	
	MPL	103	27	110	182	148	63	633
		1.04	0.27	1.11	1.83	1.49	0.63	6.36
		16.27	4.27	17.38	28.75	23.38	9.95	
		10.49	5.06	5.88	5.75	6.43	5.74	
	LPL	78	33	126	206	150	72	665
		0.78	0.33	1.27	2.07	1.51	0.72	6.68
		11.73	4.96	18.95	30.98	22.56	10.83	
		7.94	6.18	6.73	6.51	6.52	6.56	
	NL	63	37	136	220	187	90	733
		0.63	0.37	1.37	2.21	1.88	0.9	7.37
		8.59	5.05	18.55	30.01	25.51	12.28	
		6.42	6.93	7.26	6.95	8.13	8.2	
	LNB	180	99	283	465	343	134	1504
		1.81	0.99	2.84	4.67	3.45	1.35	15.11
		11.97	6.58	18.82	30.92	22.81	8.91	
		18.33	18.54	15.12	14.69	14.91	12.22	
	MNB	70	28	95	148	112	41	494
		0.7	0.28	0.95	1.49	1.13	0.41	4.96
		14.17	5.67	19.23	29.96	22.67	8.3	
		7.13	5.24	5.07	4.67	4.87	3.74	
	NBL	307	226	808	1390	915	464	4110
		3.09	2.27	8.12	13.97	9.2	4.66	41.3
		7.47	5.5	19.66	33.82	22.26	11.29	
		31.26	42.32	43.16	43.9	39.78	42.3	
	Total	982	534	1872	3166	2300	1097	9951
		9.87	5.37	18.81	31.82	23.11	11.02	100

Statistics for Table of Loyalty by EDUMHOH

Statistic	DF	Value	Prob
Chi-Square	6	473.07	<.0001
Likelihood Ratio Chi-Square	6	478.263	<.0001
Mantel-Haenszel Chi-Square	1	289.59	<.0001
Phi Coefficient		0.1965	
Contingency Coefficient		0.1928	
Cramer's V		0.1965	

Frequency Percent Row Pct Col Pct	Education of Female Head of Household							
	Loyalty	EDUFHOH						Total
		No Answer	Some High School or Less	High School Graduate	Some College/ Technical School	College Graduate	Post Graduate Work	
	PLL	141	45	341	593	487	195	1802
		1.51	0.48	3.66	6.36	5.22	2.09	19.33
		7.82	2.5	18.92	32.91	27.03	10.82	
		17.92	14.66	17.49	18.58	21.37	24.1	
	MPL	98	16	106	222	174	49	665
		1.05	0.17	1.14	2.38	1.87	0.53	7.13
		14.74	2.41	15.94	33.38	26.17	7.37	
		12.45	5.21	5.44	6.96	7.63	6.06	
	LPL	67	20	131	253	179	69	719
		0.72	0.21	1.41	2.71	1.92	0.74	7.71
		9.32	2.78	18.22	35.19	24.9	9.6	
		8.51	6.51	6.72	7.93	7.85	8.53	
	NL	54	21	156	240	181	65	717
		0.58	0.23	1.67	2.57	1.94	0.7	7.69
		7.53	2.93	21.76	33.47	25.24	9.07	
		6.86	6.84	8	7.52	7.94	8.03	
	LNB	150	49	314	505	345	107	1470
		1.61	0.53	3.37	5.42	3.7	1.15	15.77
		10.2	3.33	21.36	34.35	23.47	7.28	
		19.06	15.96	16.1	15.83	15.14	13.23	
	MNB	52	24	118	163	87	28	472
		0.56	0.26	1.27	1.75	0.93	0.3	5.06
		11.02	5.08	25	34.53	18.43	5.93	
		6.61	7.82	6.05	5.11	3.82	3.46	
	NBL	225	132	784	1215	826	296	3478
		2.41	1.42	8.41	13.03	8.86	3.17	37.31
		6.47	3.8	22.54	34.93	23.75	8.51	
		28.59	43	40.21	38.08	36.24	36.59	
	Total	787	307	1950	3191	2279	809	9323
		8.44	3.29	20.92	34.23	24.44	8.68	100

Statistics for Table of Loyalty by EDUFHOH

Statistic	DF	Value	Prob
Chi-Square	30	113.787	<.0001
Likelihood Ratio Chi-Square	30	110.377	<.0001
Mantel-Haenszel Chi-Square	1	0.1239	0.7249
Phi Coefficient		0.1069	
Contingency Coefficient		0.1063	
Cramer's V		0.0478	

Frequency Percent Row Pct Col Pct	REGION				
	Loyalty	REGION4			Total
		East	Central	South	West	
	PLL	507 4.14 22.32 21.31	538 4.39 23.68 18.28	744 6.07 32.75 17.88	483 3.94 21.26 17.44	2272 18.54
	MPL	166 1.35 20.62 6.98	204 1.66 25.34 6.93	255 2.08 31.68 6.13	180 1.47 22.36 6.5	805 6.57
	LPL	177 1.44 20.39 7.44	241 1.97 27.76 8.19	274 2.24 31.57 6.58	176 1.44 20.28 6.35	868 7.08
	NL	167 1.36 18.02 7.02	220 1.8 23.73 7.48	306 2.5 33.01 7.35	234 1.91 25.24 8.45	927 7.56
	LNB	374 3.05 20.02 15.72	467 3.81 25 15.87	609 4.97 32.6 14.63	418 3.41 22.38 15.09	1868 15.24
	MNB	128 1.04 20.78 5.38	157 1.28 25.49 5.33	204 1.66 33.12 4.9	127 1.04 20.62 4.58	616 5.03
	NBL	860 7.02 17.56 36.15	1116 9.11 22.78 37.92	1770 14.44 36.14 42.53	1152 9.4 23.52 41.59	4898 39.97
	Total	2379 19.41	2943 24.02	4162 33.96	2770 22.6	12254 100

Statistics for Table of Loyalty by REGION

Statistic	DF	Value	Prob
Chi-Square	18	53.2788	<.0001
Likelihood Ratio Chi-Square	18	52.8484	<.0001
Mantel-Haenszel Chi-Square	1	24.677	<.0001
Phi Coefficient		0.0659	
Contingency Coefficient		0.0658	
Cramer's V		0.0381	

Frequency Percent Row Pct Col Pct	Marital Status					
	Loyalty	MARITALS				Total
		Married	Single	Partnership	Divorced	Widowed	
	PLL	626	542	103	123	31	1425
		8.01	6.94	1.32	1.57	0.4	18.24
		43.93	38.04	7.23	8.63	2.18	
		16.77	20.25	17.88	17.7	23.48	
	MPL	231	250	30	26	9	546
		2.96	3.2	0.38	0.33	0.12	6.99
		42.31	45.79	5.49	4.76	1.65	
		6.19	9.34	5.21	3.74	6.82	
	LPL	256	230	44	46	9	585
		3.28	2.94	0.56	0.59	0.12	7.49
		43.76	39.32	7.52	7.86	1.54	
		6.86	8.59	7.64	6.62	6.82	
	NL	296	210	36	53	11	606
		3.79	2.69	0.46	0.68	0.14	7.76
		48.84	34.65	5.94	8.75	1.82	
		7.93	7.85	6.25	7.63	8.33	
	LNB	593	453	91	110	19	1266
		7.59	5.8	1.17	1.41	0.24	16.21
		46.84	35.78	7.19	8.69	1.5	
		15.89	16.93	15.8	15.83	14.39	
	MNB	183	135	34	44	3	399
		2.34	1.73	0.44	0.56	0.04	5.11
		45.86	33.83	8.52	11.03	0.75	
		4.9	5.04	5.9	6.33	2.27	
	NBL	1547	856	238	293	50	2984
		19.81	10.96	3.05	3.75	0.64	38.2
		51.84	28.69	7.98	9.82	1.68	
		41.45	31.99	41.32	42.16	37.88	
	Total	3732	2676	576	695	132	7811
		47.78	34.26	7.37	8.9	1.69	100

Statistics for Table of loy1 by MARITALS

Statistic	DF	Value	Prob
Chi-Square	24	107.6	<.0001
Likelihood Ratio Chi-Square	24	109.433	<.0001
Mantel-Haenszel Chi-Square	1	1.6959	0.1928
Phi Coefficient		0.1174	
Contingency Coefficient		0.1166	
Cramer's V		0.0587	

Frequency Percent Row Pct Col Pct	Race							
	Loyalty	RACE						Total
		Hispanic	White	Black	Native Am.	Asian	No Answer	
	PLL	141 1.15 6.21 15.44	1778 14.51 78.26 19.27	133 1.09 5.85 13.68	10 0.08 0.44 12.2	124 1.01 5.46 22.02	86 0.7 3.79 17.23	2272 18.54
	MPL	52 0.42 6.46 5.7	634 5.17 78.76 6.87	53 0.43 6.58 5.45	3 0.02 0.37 3.66	36 0.29 4.47 6.39	27 0.22 3.35 5.41	805 6.57
	LPL	68 0.55 7.83 7.45	657 5.36 75.69 7.12	56 0.46 6.45 5.76	4 0.03 0.46 4.88	46 0.38 5.3 8.17	37 0.3 4.26 7.41	868 7.08
	NL	52 0.42 5.61 5.7	716 5.84 77.24 7.76	63 0.51 6.8 6.48	4 0.03 0.43 4.88	56 0.46 6.04 9.95	36 0.29 3.88 7.21	927 7.56
	LNB	139 1.13 7.44 15.22	1395 11.38 74.68 15.12	148 1.21 7.92 15.23	20 0.16 1.07 24.39	92 0.75 4.93 16.34	74 0.6 3.96 14.83	1868 15.24
	MNB	51 0.42 8.28 5.59	439 3.58 71.27 4.76	59 0.48 9.58 6.07	0 0 0 0	33 0.27 5.36 5.86	34 0.28 5.52 6.81	616 5.03
	NBL	410 3.35 8.37 44.91	3606 29.43 73.62 39.09	460 3.75 9.39 47.33	41 0.33 0.84 50	176 1.44 3.59 31.26	205 1.67 4.19 41.08	4898 39.97
	Total	913 7.45	9225 75.28	972 7.93	82 0.67	563 4.59	499 4.07	12254 100

Statistics for Table of Loyalty by RACE

Statistic	DF	Value	Prob
Chi-Square	30	98.0121	<.0001
Likelihood Ratio Chi-Square	30	103.066	<.0001
Mantel-Haenszel Chi-Square	1	0.1481	0.7004
Phi Coefficient		0.0894	
Contingency Coefficient		0.0891	
Cramer's V		0.04	

Frequency Percent Row Pct Col Pct	Household Income											
	Loyalty	HHINCOME											Total
		Under $10k	$10-19.9k	$20-29.9k	$30-39.9k	$40-49.9k	$50-59.9k	$60-69.9k	$70-79.9k	$80-89.9k	$90-99.9k	$100k+	
	PLL	125	180	268	301	282	235	218	167	130	95	271	2272
		1.02	1.47	2.19	2.46	2.3	1.92	1.78	1.36	1.06	0.78	2.21	18.54
		5.5	7.92	11.8	13.25	12.41	10.34	9.6	7.35	5.72	4.18	11.93	
		19.29	17.36	16.87	16.8	17.47	17.63	20.34	18.11	22.34	21.21	22.27	
	MPL	44	47	96	122	101	94	62	70	45	34	90	805
		0.36	0.38	0.78	1	0.82	0.77	0.51	0.57	0.37	0.28	0.73	6.57
		5.47	5.84	11.93	15.16	12.55	11.68	7.7	8.7	5.59	4.22	11.18	
		6.79	4.53	6.04	6.81	6.26	7.05	5.78	7.59	7.73	7.59	7.4	
	LPL	34	68	108	145	114	102	78	55	48	36	80	868
		0.28	0.55	0.88	1.18	0.93	0.83	0.64	0.45	0.39	0.29	0.65	7.08
		3.92	7.83	12.44	16.71	13.13	11.75	8.99	6.34	5.53	4.15	9.22	
		5.25	6.56	6.8	8.09	7.06	7.65	7.28	5.97	8.25	8.04	6.57	
	NL	54	84	115	133	121	101	90	68	41	33	87	927
		0.44	0.69	0.94	1.09	0.99	0.82	0.73	0.55	0.33	0.27	0.71	7.56
		5.83	9.06	12.41	14.35	13.05	10.9	9.71	7.34	4.42	3.56	9.39	
		8.33	8.1	7.24	7.42	7.5	7.58	8.4	7.38	7.04	7.37	7.15	
	LNB	104	167	250	277	247	203	160	166	76	57	161	1868
		0.85	1.36	2.04	2.26	2.02	1.66	1.31	1.35	0.62	0.47	1.31	15.24
		5.57	8.94	13.38	14.83	13.22	10.87	8.57	8.89	4.07	3.05	8.62	
		16.05	16.1	15.73	15.46	15.3	15.23	14.93	18	13.06	12.72	13.23	
	MNB	24	60	88	83	110	63	39	51	29	25	44	616
		0.2	0.49	0.72	0.68	0.9	0.51	0.32	0.42	0.24	0.2	0.36	5.03
		3.9	9.74	14.29	13.47	17.86	10.23	6.33	8.28	4.71	4.06	7.14	
		3.7	5.79	5.54	4.63	6.82	4.73	3.64	5.53	4.98	5.58	3.62	
	NBL	263	431	664	731	639	535	425	345	213	168	484	4898
		2.15	3.52	5.42	5.97	5.21	4.37	3.47	2.82	1.74	1.37	3.95	39.97
		5.37	8.8	13.56	14.92	13.05	10.92	8.68	7.04	4.35	3.43	9.88	
		40.59	41.56	41.79	40.79	39.59	40.14	39.65	37.42	36.6	37.5	39.77	
	Total	648	1037	1589	1792	1614	1333	1072	922	582	448	1217	12254
		5.29	8.46	12.97	14.62	13.17	10.88	8.75	7.52	4.75	3.66	9.93	100

Statistics for Table of Loyalty by HHINCOME

Statistic	DF	Value	Prob
Chi-Square	60	96.3939	0.002
Likelihood Ratio Chi-Square	60	96.6767	0.0019
Mantel-Haenszel Chi-Square	1	23.4547	<.0001
Phi Coefficient		0.0887	
Contingency Coefficient		0.0883	
Cramer's V		0.0362	

Frequency Percent Row Pct Col Pct	Occupation of Male Head of Household														
	Loyalty	OCCMHOH													
		Professional	Farmer	Manger	Clerical	Sales	Craftsman	Operative	Service	Laborer (farm)	Laborer (non-farm)	Retired/ not employed	Student	Military	No Answer	Total
	PLL	602	12	261	45	121	149	76	80	4	123	184	89	26	40	1812
		6.05	0.12	2.62	0.45	1.22	1.5	0.76	0.8	0.04	1.24	1.85	0.89	0.26	0.4	18.21
		33.22	0.66	14.4	2.48	6.68	8.22	4.19	4.42	0.22	6.79	10.15	4.91	1.43	2.21	
		17.74	14.46	19.45	24.46	20.97	16.06	16.85	19.51	10.53	15.73	18.38	26.57	14.13	16.53	
	MPL	224	9	99	7	28	68	31	21	2	45	45	25	14	15	633
		2.25	0.09	0.99	0.07	0.28	0.68	0.31	0.21	0.02	0.45	0.45	0.25	0.14	0.15	6.36
		35.39	1.42	15.64	1.11	4.42	10.74	4.9	3.32	0.32	7.11	7.11	3.95	2.21	2.37	
		6.6	10.84	7.38	3.8	4.85	7.33	6.87	5.12	5.26	5.75	4.5	7.46	7.61	6.2	
	LPL	246	3	92	9	40	74	26	29	3	54	46	13	15	15	665
		2.47	0.03	0.92	0.09	0.4	0.74	0.26	0.29	0.03	0.54	0.46	0.13	0.15	0.15	6.68
		36.99	0.45	13.83	1.35	6.02	11.13	3.91	4.36	0.45	8.12	6.92	1.95	2.26	2.26	
		7.25	3.61	6.86	4.89	6.93	7.97	5.76	7.07	7.89	6.91	4.6	3.88	8.15	6.2	
	NL	242	10	108	10	40	62	26	33	3	65	79	22	15	18	733
		2.43	0.1	1.09	0.1	0.4	0.62	0.26	0.33	0.03	0.65	0.79	0.22	0.15	0.18	7.37
		33.02	1.36	14.73	1.36	5.46	8.46	3.55	4.5	0.41	8.87	10.78	3	2.05	2.46	
		7.13	12.05	8.05	5.43	6.93	6.68	5.76	8.05	7.89	8.31	7.89	6.57	8.15	7.44	
	LNB	511	8	203	29	88	139	70	71	5	128	129	42	35	46	1504
		5.14	0.08	2.04	0.29	0.88	1.4	0.7	0.71	0.05	1.29	1.3	0.42	0.35	0.46	15.11
		33.98	0.53	13.5	1.93	5.85	9.24	4.65	4.72	0.33	8.51	8.58	2.79	2.33	3.06	
		15.06	9.64	15.13	15.76	15.25	14.98	15.52	17.32	13.16	16.37	12.89	12.54	19.02	19.01	
	MNB	177	5	41	12	24	61	37	14	1	41	48	8	7	18	494
		1.78	0.05	0.41	0.12	0.24	0.61	0.37	0.14	0.01	0.41	0.48	0.08	0.07	0.18	4.96
		35.83	1.01	8.3	2.43	4.86	12.35	7.49	2.83	0.2	8.3	9.72	1.62	1.42	3.64	
		5.22	6.02	3.06	6.52	4.16	6.57	8.2	3.41	2.63	5.24	4.8	2.39	3.8	7.44	
	NBL	1391	36	538	72	236	375	185	162	20	326	470	136	72	90	4110
		13.98	0.36	5.41	0.72	2.37	3.77	1.86	1.63	0.2	3.28	4.72	1.37	0.72	0.9	41.3
		33.84	0.88	13.09	1.75	5.74	9.12	4.5	3.94	0.49	7.93	11.44	3.31	1.75	2.19	
		41	43.37	40.09	39.13	40.9	40.41	41.02	39.51	52.63	41.69	46.95	40.6	39.13	37.19	
	Total	3393	83	1342	184	577	928	451	410	38	782	1001	335	184	242	9951
		34.1	0.83	13.49	1.85	5.8	9.33	4.53	4.12	0.38	7.86	10.06	3.37	1.85	2.43	100

Statistics for Table of Loyalty by OCCMHOH

Statistic	DF	Value	Prob
Chi-Square	84	139.233	0.0001
Likelihood Ratio Chi-Square	84	140.321	0.0001
Mantel-Haenszel Chi-Square	1	0.304	0.5814
Phi Coefficient		0.1183	
Contingency Coefficient		0.1175	
Cramer's V		0.0483	

Frequency Percent Row Pct Col Pct	Occupation of Female Head of Household															
	Loyalty	OCCFHOH														Total
		Professional	Farmer	Manager	Clerical	Sales	Craftsman	Operative	Service	Laborer (farm)	Laborer (non-farm)	Retired/ unemployed	Student	Military	No Answer	
	PLL	530	3	184	230	108	15	12	134	1	36	393	103	5	48	1802
		5.68	0.03	1.97	2.47	1.16	0.16	0.13	1.44	0.01	0.39	4.22	1.1	0.05	0.51	19.33
		29.41	0.17	10.21	12.76	5.99	0.83	0.67	7.44	0.06	2	21.81	5.72	0.28	2.66	
		21.1	14.29	19.37	19.64	19.35	18.52	17.39	17.89	8.33	14.94	18.55	21.59	16.13	14.46	
	MPL	195	0	64	89	44	6	1	53	1	12	132	46	0	22	665
		2.09	0	0.69	0.95	0.47	0.06	0.01	0.57	0.01	0.13	1.42	0.49	0	0.24	7.13
		29.32	0	9.62	13.38	6.62	0.9	0.15	7.97	0.15	1.8	19.85	6.92	0	3.31	
		7.76	0	6.74	7.6	7.89	7.41	1.45	7.08	8.33	4.98	6.23	9.64	0	6.63	
	LPL	208	0	60	80	44	4	1	62	0	24	167	40	4	25	719
		2.23	0	0.64	0.86	0.47	0.04	0.01	0.67	0	0.26	1.79	0.43	0.04	0.27	7.71
		28.93	0	8.34	11.13	6.12	0.56	0.14	8.62	0	3.34	23.23	5.56	0.56	3.48	
		8.28	0	6.32	6.83	7.89	4.94	1.45	8.28	0	9.96	7.88	8.39	12.9	7.53	
	NL	183	1	61	97	40	9	3	51	1	22	171	43	2	33	717
		1.96	0.01	0.65	1.04	0.43	0.1	0.03	0.55	0.01	0.24	1.83	0.46	0.02	0.35	7.69
		25.52	0.14	8.51	13.53	5.58	1.26	0.42	7.11	0.14	3.07	23.85	6	0.28	4.6	
		7.29	4.76	6.42	8.28	7.17	11.11	4.35	6.81	8.33	9.13	8.07	9.01	6.45	9.94	
	LNB	368	3	164	205	74	12	10	146	0	36	316	65	8	63	1470
		3.95	0.03	1.76	2.2	0.79	0.13	0.11	1.57	0	0.39	3.39	0.7	0.09	0.68	15.77
		25.03	0.2	11.16	13.95	5.03	0.82	0.68	9.93	0	2.45	21.5	4.42	0.54	4.29	
		14.65	14.29	17.26	17.51	13.26	14.81	14.49	19.49	0	14.94	14.91	13.63	25.81	18.98	
	MNB	117	6	57	52	30	2	5	47	0	8	107	20	1	20	472
		1.25	0.06	0.61	0.56	0.32	0.02	0.05	0.5	0	0.09	1.15	0.21	0.01	0.21	5.06
		24.79	1.27	12.08	11.02	6.36	0.42	1.06	9.96	0	1.69	22.67	4.24	0.21	4.24	
		4.66	28.57	6	4.44	5.38	2.47	7.25	6.28	0	3.32	5.05	4.19	3.23	6.02	
	NBL	911	8	360	418	218	33	37	256	9	103	833	160	11	121	3478
		9.77	0.09	3.86	4.48	2.34	0.35	0.4	2.75	0.1	1.1	8.93	1.72	0.12	1.3	37.31
		26.19	0.23	10.35	12.02	6.27	0.95	1.06	7.36	0.26	2.96	23.95	4.6	0.32	3.48	
		36.27	38.1	37.89	35.7	39.07	40.74	53.62	34.18	75	42.74	39.31	33.54	35.48	36.45	
	Total	2512	21	950	1171	558	81	69	749	12	241	2119	477	31	332	9323
		26.94	0.23	10.19	12.56	5.99	0.87	0.74	8.03	0.13	2.59	22.73	5.12	0.33	3.56	100

Statistics for Table of Loyalty by OCCFHOH

Statistic	DF	Value	Prob
Chi-Square	78	134.873	<.0001
Likelihood Ratio Chi-Square	78	133.173	0.0001
Mantel-Haenszel Chi-Square	1	3.5902	0.0581
Phi Coefficient		0.1203	
Contingency Coefficient		0.1194	
Cramer's V		0.0491	

Frequency Percent Row Pct Col Pct	Presence and Age of Children										
	Loyalty	CHILDREN									Total
		< 6 only	6-12 only	13-17 only	< 6 & 6-12	<6 & 13-17	6-12 & 13-17	All 3 Age Groups	No Answer	No Children under 18	
	PLL	233	136	392	123	28	235	61	11	1053	2272
		1.9	1.11	3.2	1	0.23	1.92	0.5	0.09	8.59	18.54
		10.26	5.99	17.25	5.41	1.23	10.34	2.68	0.48	46.35	
		18.79	16.46	18.11	16.87	13.27	18.26	14.77	21.57	19.75	
	MPL	89	46	173	42	18	102	19	5	311	805
		0.73	0.38	1.41	0.34	0.15	0.83	0.16	0.04	2.54	6.57
		11.06	5.71	21.49	5.22	2.24	12.67	2.36	0.62	38.63	
		7.18	5.57	7.99	5.76	8.53	7.93	4.6	9.8	5.83	
	LPL	79	52	186	56	19	102	33	3	338	868
		0.64	0.42	1.52	0.46	0.16	0.83	0.27	0.02	2.76	7.08
		9.1	5.99	21.43	6.45	2.19	11.75	3.8	0.35	38.94	
		6.37	6.3	8.59	7.68	9	7.93	7.99	5.88	6.34	
	NL	109	78	161	54	11	101	28	3	382	927
		0.89	0.64	1.31	0.44	0.09	0.82	0.23	0.02	3.12	7.56
		11.76	8.41	17.37	5.83	1.19	10.9	3.02	0.32	41.21	
		8.79	9.44	7.44	7.41	5.21	7.85	6.78	5.88	7.16	
	LNB	188	134	360	118	34	216	59	7	752	1868
		1.53	1.09	2.94	0.96	0.28	1.76	0.48	0.06	6.14	15.24
		10.06	7.17	19.27	6.32	1.82	11.56	3.16	0.37	40.26	
		15.16	16.22	16.63	16.19	16.11	16.78	14.29	13.73	14.1	
	MNB	58	44	117	35	8	80	29	2	243	616
		0.47	0.36	0.95	0.29	0.07	0.65	0.24	0.02	1.98	5.03
		9.42	7.14	18.99	5.68	1.3	12.99	4.71	0.32	39.45	
		4.68	5.33	5.4	4.8	3.79	6.22	7.02	3.92	4.56	
	NBL	484	336	776	301	93	451	184	20	2253	4898
		3.95	2.74	6.33	2.46	0.76	3.68	1.5	0.16	18.39	39.97
		9.88	6.86	15.84	6.15	1.9	9.21	3.76	0.41	46	
		39.03	40.68	35.84	41.29	44.08	35.04	44.55	39.22	42.25	
	Total	1240	826	2165	729	211	1287	413	51	5332	12254
		10.12	6.74	17.67	5.95	1.72	10.5	3.37	0.42	43.51	100

Statistics for Table of Loyalty by CHILDREN

Statistic	DF	Value	Prob
Chi-Square	48	111.276	<.0001
Likelihood Ratio Chi-Square	48	110.906	<.0001
Mantel-Haenszel Chi-Square	1	2.2573	0.133
Phi Coefficient		0.0953	
Contingency Coefficient		0.0949	
Cramer's V		0.0389	

Statistics for Table of Brand Type by Retail Outlet

Frequency Percent Row Pct Col Pct	Retail Outlets								
BRANDS	OUTLETS								Total
	Department Store	Chain	Specialty	Mass	Off-Price	Factory Outlet	Direct Mail	Other	
National Brand	5360 9.27 14.89 96.94	7553 13.06 20.98 75.21	4198 7.26 11.66 25.26	9077 15.69 25.21 65.14	3063 5.29 8.51 88.4	1473 2.55 4.09 99.66	429 0.74 1.19 32.65	4856 8.39 13.49 88.86	36009 62.25
Private Label	169 0.29 0.77 3.06	2490 4.3 11.4 24.79	12423 21.47 56.88 74.74	4857 8.4 22.24 34.86	402 0.69 1.84 11.6	5 0.01 0.02 0.34	885 1.53 4.05 67.35	609 1.05 2.79 11.14	21840 37.75
Total	5529 9.56	10043 17.36	16621 28.73	13934 24.09	3465 5.99	1478 2.55	1314 2.27	5465 9.45	57849 100

Statistic	DF	Value	Prob
Chi-Square	7	17302.21	<.0001
Likelihood Ratio Chi-Square	7	19089.79	<.0001
Mantel-Haenszel Chi-Square	1	570.5262	<.0001
Phi Coefficient		0.5469	
Contingency Coefficient		0.4798	
Cramer's V		0.5469	

Frequency Percent Row Pct Col Pct		Product Worn For					
	BRANDS	WORNFOR					Total
		Casual	Active Sport	School	Work	Special Event	
	National Brand	29161 50.95 81.85 61.85	622 1.09 1.75 68.88	3117 5.45 8.75 58.81	2452 4.28 6.88 69.4	274 0.48 0.77 78.51	35626 62.25
	Private Label	17985 31.43 83.24 38.15	281 0.49 1.3 31.12	2183 3.81 10.1 41.19	1081 1.89 5 30.6	75 0.13 0.35 21.49	21605 37.75
	Total	47146 82.38	903 1.58	5300 9.26	3533 6.17	349 0.61	57231 100

Statistics for Table of Brand Type by Reason for Purchase

Statistic	DF	Value	Prob
Chi-Square	4	162.921	<.0001
Likelihood Ratio Chi-Square	4	168.7808	<.0001
Mantel-Haenszel Chi-Square	1	32.2522	<.0001
Phi Coefficient		0.0534	
Contingency Coefficient		0.0533	
Cramer's V		0.0534	

Frequency Percent Row Pct Col Pct	

Table of BRANDS by SALE

BRANDS	SALE				Total
	On Sale	Regular Price	Don't Know	No Answer	
National Brand	19115 33.04 53.08 61.82	13748 23.77 38.18 61.33	2701 4.67 7.5 70.3	445 0.77 1.24 66.42	36009 62.25
Private Label	11804 20.4 54.05 38.18	8670 14.99 39.7 38.67	1141 1.97 5.22 29.7	225 0.39 1.03 33.58	21840 37.75
Total	30919 53.45	22418 38.75	3842 6.64	670 1.16	57849 100

Statistics for Table of Brand Type by Sale Type

Statistic	DF	Value	Prob
Chi-Square	3	121.4976	<.0001
Likelihood Ratio Chi-Square	3	125.1975	<.0001
Mantel-Haenszel Chi-Square	1	100.4959	<.0001
Phi Coefficient		0.0458	
Contingency Coefficient		0.0458	
Cramer's V		0.0458	

APPENDIX U: LOGISTIC REGRESSION RESULTS

Logistic Model : Private Label Dependent Variable

Model Information	
Data Set	WORK.SHANNA
Response Variable (Events)	private_label_Sum
Response Variable (Trials)	total_bought
Model	binary logit
Optimization Technique	Fisher's scoring

Number of Observations Read	58162
Number of Observations Used	24437
Sum of Frequencies Read	88811
Sum of Frequencies Used	37227

Response Profile		
Ordered Value	**Binary Outcome**	**Total Frequency**
1	Event	14548
2	Nonevent	22679

Summary of Stepwise Selection								
Step	Effect		DF	Number In	Score Chi-Square	Wald Chi-Square	Pr > ChiSq	Variable Label
	Entered	Removed						
1	OUTLETS		7	1	4847.9559		<.0001	OUTLETS
2	GENDER		1	2	389.0133		<.0001	GENDER
3	MARITALS		4	3	155.4559		<.0001	MARITALS
4	RACE		5	4	117.5064		<.0001	RACE
5	MARKETSI		6	5	109.3038		<.0001	MARKETSI
6	OCCFHOH		13	6	124.8418		<.0001	OCCFHOH
7	UNITPRIC		1	7	77.4954		<.0001	UNITPRIC
8	EDUFHOH		1	8	62.5253		<.0001	EDUFHOH
9	OCCMHOH		14	9	81.5641		<.0001	OCCMHOH
10	HHINCOME		10	10	39.7851		<.0001	HHINCOME
11	HHSIZE		1	11	13.1298		0.0003	HHSIZE
12	AGE		1	12	13.0872		0.0003	AGE
13	PRIMARYU		7	13	24.9847		0.0008	PRIMARYU
14	SALEPR1		1	14	10.2999		0.0013	SALEPR1

Type 3 Analysis of Effects			
Effect	DF	Wald Chi-Square	Pr > ChiSq
AGE	1	12.2175	0.0005
MARKETSI	6	97.6579	<.0001
HHSIZE	1	17.5592	<.0001
HHINCOME	10	41.6963	<.0001
OCCMHOH	14	69.9538	<.0001

Type 3 Analysis of Effects			
Effect	**DF**	**Wald Chi-Square**	**Pr > ChiSq**
OCCFHOH	13	106.3872	<.0001
EDUFHOH	1	40.7892	<.0001
RACE	5	102.7958	<.0001
UNITPRIC	1	60.7548	<.0001
GENDER	1	387.1416	<.0001
MARITALS	4	95.3647	<.0001
PRIMARYU	7	24.7600	0.0008
OUTLETS	7	3830.6115	<.0001
SALEPR1	1	10.2975	0.0013

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
Intercept		1	-0.8452	0.1210	48.8258	<.0001
AGE		1	-0.00456	0.00130	12.2175	0.0005
MARKETSI	**1**	1	-0.2027	0.1595	1.6159	0.2037
MARKETSI	**3**	1	0.1496	0.0574	6.7839	0.0092
MARKETSI	**4**	1	-0.3035	0.0571	28.2271	<.0001
MARKETSI	**5**	1	0.0101	0.0496	0.0416	0.8383
MARKETSI	**6**	1	-0.1259	0.0493	6.5141	0.0107
MARKETSI	**9**	1	-0.1214	0.0503	5.8359	0.0157
HHSIZE		1	-0.0382	0.00913	17.5592	<.0001
HHINCOME	**3**	1	-0.0522	0.0751	0.4828	0.4872
HHINCOME	**6**	1	-0.0973	0.0526	3.4137	0.0647

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
HHINCOME	**9**	1	-0.0830	0.0388	4.5797	0.0324
HHINCOME	**12**	1	-0.0647	0.0335	3.7350	0.0533
HHINCOME	**15**	1	0.0137	0.0314	0.1885	0.6642
HHINCOME	**18**	1	0.1017	0.0323	9.9037	0.0016
HHINCOME	**21**	1	-0.0752	0.0364	4.2815	0.0385
HHINCOME	**24**	1	0.1363	0.0371	13.5136	0.0002
HHINCOME	**27**	1	0.0928	0.0445	4.3544	0.0369
HHINCOME	**30**	1	-0.0442	0.0515	0.7366	0.3908
OCCMHOH	**1**	1	-0.3309	0.1407	5.5326	0.0187
OCCMHOH	**2**	1	0.0354	0.0377	0.8832	0.3473
OCCMHOH	**3**	1	-0.1854	0.1002	3.4198	0.0644
OCCMHOH	**4**	1	-0.0936	0.0566	2.7326	0.0983
OCCMHOH	**5**	1	-0.00306	0.0421	0.0053	0.9420
OCCMHOH	**6**	1	-0.0245	0.0650	0.1419	0.7064
OCCMHOH	**7**	1	-0.0163	0.0603	0.0728	0.7872
OCCMHOH	**8**	1	-0.6435	0.3063	4.4143	0.0356
OCCMHOH	**9**	1	-0.0761	0.0461	2.7287	0.0986
OCCMHOH	**10**	1	-0.00179	0.0478	0.0014	0.9702
OCCMHOH	**11**	1	0.6509	0.0998	42.5581	<.0001
OCCMHOH	**12**	1	0.0978	0.0800	1.4943	0.2215
OCCMHOH	**26**	1	-7.8867	103.2	0.0058	0.9391
OCCMHOH	**99**	1	-0.1064	0.1277	0.6943	0.4047
OCCFHOH	**1**	1	-0.9167	0.2180	17.6899	<.0001

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
OCCFHOH	**2**	1	-0.1820	0.0428	18.0621	<.0001
OCCFHOH	**3**	1	0.0891	0.0423	4.4445	0.0350
OCCFHOH	**4**	1	0.0420	0.0525	0.6411	0.4233
OCCFHOH	**5**	1	0.00769	0.1257	0.0037	0.9512
OCCFHOH	**6**	1	-0.5696	0.1735	10.7828	0.0010
OCCFHOH	**7**	1	-0.1243	0.0481	6.6713	0.0098
OCCFHOH	**8**	1	0.8231	0.5794	2.0181	0.1554
OCCFHOH	**9**	1	0.3626	0.0782	21.4849	<.0001
OCCFHOH	**10**	1	0.0516	0.0364	2.0058	0.1567
OCCFHOH	**11**	1	-0.0785	0.0679	1.3390	0.2472
OCCFHOH	**12**	1	-0.1702	0.2685	0.4016	0.5263
OCCFHOH	**99**	1	-0.0958	0.0964	0.9875	0.3204
EDUFHOH		1	0.0543	0.00851	40.7892	<.0001
RACE	**0**	1	0.3287	0.0662	24.6637	<.0001
RACE	**1**	1	0.4639	0.0479	93.8352	<.0001
RACE	**3**	1	0.0994	0.1394	0.5087	0.4757
RACE	**4**	1	0.3683	0.0711	26.8742	<.0001
RACE	**9**	1	0.3531	0.1069	10.9161	0.0010
UNITPRIC		1	-0.00009	0.000011	60.7548	<.0001
GENDER	**1**	1	-0.2558	0.0130	387.1416	<.0001
MARITALS	**1**	1	-0.3374	0.0379	79.3663	<.0001
MARITALS	**3**	1	-0.3788	0.0527	51.6587	<.0001
MARITALS	**4**	1	-0.0507	0.0996	0.2596	0.6104

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
MARITALS	**5**	1	-0.3107	0.2220	1.9592	0.1616
PRIMARYU	**1**	1	0.1844	0.0718	6.5914	0.0102
PRIMARYU	**2**	1	-0.1873	0.1153	2.6407	0.1042
PRIMARYU	**3**	1	0.1762	0.1676	1.1049	0.2932
PRIMARYU	**4**	1	0.1871	0.0795	5.5406	0.0186
PRIMARYU	**5**	1	0.1156	0.0823	1.9762	0.1598
PRIMARYU	**6**	1	-0.6994	0.4145	2.8475	0.0915
PRIMARYU	**7**	1	-0.1799	0.1869	0.9261	0.3359
OUTLETS	**1.00**	1	-0.7256	0.0434	279.3171	<.0001
OUTLETS	**2.00**	1	-0.0505	0.0303	2.7755	0.0957
OUTLETS	**3.00**	1	1.3082	0.0270	2353.5748	<.0001
OUTLETS	**4.00**	1	0.1707	0.0294	33.7150	<.0001
OUTLETS	**5.00**	1	-0.5667	0.0508	124.4205	<.0001
OUTLETS	**6.00**	1	-0.8988	0.0857	109.9139	<.0001
OUTLETS	**7.00**	1	1.3150	0.0630	435.4786	<.0001
SALEPR1	**1.00**	1	0.0418	0.0130	10.2975	0.0013

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
AGE	0.995	0.993	0.998
MARKETSI 1 vs 2	0.817	0.597	1.116
MARKETSI 3 vs 2	1.161	1.038	1.300

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
MARKETSI 4 vs 2	0.738	0.660	0.826
MARKETSI 5 vs 2	1.010	0.917	1.113
MARKETSI 6 vs 2	0.882	0.800	0.971
MARKETSI 9 vs 2	0.886	0.803	0.977
HHSIZE	0.962	0.945	0.980
HHINCOME 3 vs 33	0.883	0.739	1.055
HHINCOME 6 vs 33	0.844	0.738	0.966
HHINCOME 9 vs 33	0.856	0.767	0.956
HHINCOME 12 vs 33	0.872	0.790	0.963
HHINCOME 15 vs 33	0.943	0.858	1.037
HHINCOME 18 vs 33	1.030	0.937	1.132
HHINCOME 21 vs 33	0.863	0.781	0.953
HHINCOME 24 vs 33	1.066	0.966	1.177
HHINCOME 27 vs 33	1.021	0.913	1.141
HHINCOME 30 vs 33	0.890	0.786	1.008
OCCMHOH 1 vs 0	0.718	0.545	0.946
OCCMHOH 2 vs 0	1.036	0.962	1.115
OCCMHOH 3 vs 0	0.831	0.683	1.011
OCCMHOH 4 vs 0	0.911	0.815	1.018
OCCMHOH 5 vs 0	0.997	0.918	1.083
OCCMHOH 6 vs 0	0.976	0.859	1.108
OCCMHOH 7 vs 0	0.984	0.874	1.107
OCCMHOH 8 vs 0	0.525	0.288	0.958

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
OCCMHOH 9 vs 0	0.927	0.847	1.014
OCCMHOH 10 vs 0	0.998	0.909	1.096
OCCMHOH 11 vs 0	1.917	1.577	2.331
OCCMHOH 12 vs 0	1.103	0.943	1.290
OCCMHOH 26 vs 0	<0.001	<0.001	>999.999
OCCMHOH 99 vs 0	0.899	0.700	1.155
OCCFHOH 1 vs 0	0.400	0.261	0.613
OCCFHOH 2 vs 0	0.834	0.767	0.907
OCCFHOH 3 vs 0	1.093	1.006	1.188
OCCFHOH 4 vs 0	1.043	0.941	1.156
OCCFHOH 5 vs 0	1.008	0.788	1.289
OCCFHOH 6 vs 0	0.566	0.403	0.795
OCCFHOH 7 vs 0	0.883	0.804	0.970
OCCFHOH 8 vs 0	2.277	0.732	7.090
OCCFHOH 9 vs 0	1.437	1.233	1.675
OCCFHOH 10 vs 0	1.053	0.980	1.131
OCCFHOH 11 vs 0	0.924	0.809	1.056
OCCFHOH 12 vs 0	0.844	0.498	1.428
OCCFHOH 99 vs 0	0.909	0.752	1.098
EDUFHOH	1.056	1.038	1.074
RACE 0 vs 2	1.389	1.220	1.582
RACE 1 vs 2	1.590	1.448	1.747
RACE 3 vs 2	1.105	0.840	1.452

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
RACE 4 vs 2	1.445	1.257	1.661
RACE 9 vs 2	1.424	1.154	1.755
UNITPRIC	1.000	1.000	1.000
GENDER 1 vs 2	0.600	0.570	0.631
MARITALS 1 vs 2	0.714	0.663	0.769
MARITALS 3 vs 2	0.685	0.618	0.759
MARITALS 4 vs 2	0.951	0.782	1.155
MARITALS 5 vs 2	0.733	0.474	1.132
PRIMARYU 1 vs 9	0.803	0.643	1.003
PRIMARYU 2 vs 9	0.554	0.410	0.749
PRIMARYU 3 vs 9	0.797	0.530	1.199
PRIMARYU 4 vs 9	0.806	0.637	1.019
PRIMARYU 5 vs 9	0.750	0.590	0.953
PRIMARYU 6 vs 9	0.332	0.128	0.859
PRIMARYU 7 vs 9	0.558	0.356	0.875
OUTLETS 1.00 vs 9.00	0.841	0.737	0.959
OUTLETS 2.00 vs 9.00	1.652	1.479	1.845
OUTLETS 3.00 vs 9.00	6.427	5.779	7.148
OUTLETS 4.00 vs 9.00	2.061	1.851	2.294
OUTLETS 5.00 vs 9.00	0.986	0.854	1.138
OUTLETS 6.00 vs 9.00	0.707	0.572	0.875
OUTLETS 7.00 vs 9.00	6.471	5.478	7.644
SALEPR1 1.00 vs 2.00	1.087	1.033	1.144

Association of Predicted Probabilities and Observed Responses			
Percent Concordant	73.2	**Somers' D**	0.466
Percent Discordant	26.6	**Gamma**	0.468
Percent Tied	0.3	**Tau-a**	0.222
Pairs	329934092	**c**	0.733

Logistic Model : Private Label Dependent Variable

Model Information	
Data Set	WORK.SHANNA
Response Variable (Events)	national_brand_Sum
Response Variable (Trials)	total_bought
Model	binary logit
Optimization Technique	Fisher's scoring

Number of Observations Read	58162
Number of Observations Used	24437
Sum of Frequencies Read	88811
Sum of Frequencies Used	37227

Response Profile		
Ordered Value	**Binary Outcome**	**Total Frequency**
1	Event	22679
2	Nonevent	14548

Summary of Stepwise Selection								
Step	Effect		DF	Number In	Score Chi-Square	Wald Chi-Square	Pr > ChiSq	Variable Label
	Entered	Removed						
1	OUTLETS		7	1	4847.9559		<.0001	OUTLETS
2	GENDER		1	2	389.0133		<.0001	GENDER
3	MARITALS		4	3	155.4559		<.0001	MARITALS
4	RACE		5	4	117.5064		<.0001	RACE
5	MARKETSI		6	5	109.3038		<.0001	MARKETSI
6	OCCFHOH		13	6	124.8418		<.0001	OCCFHOH
7	UNITPRIC		1	7	77.4954		<.0001	UNITPRIC
8	EDUFHOH		1	8	62.5253		<.0001	EDUFHOH
9	OCCMHOH		14	9	81.5641		<.0001	OCCMHOH
10	HHINCOME		10	10	39.7851		<.0001	HHINCOME
11	HHSIZE		1	11	13.1298		0.0003	HHSIZE
12	AGE		1	12	13.0872		0.0003	AGE
13	PRIMARYU		7	13	24.9847		0.0008	PRIMARYU
14	SALEPR1		1	14	10.2999		0.0013	SALEPR1

Type 3 Analysis of Effects			
Effect	DF	Wald Chi-Square	Pr > ChiSq
AGE	1	12.2175	0.0005
MARKETSI	6	97.6579	<.0001
HHSIZE	1	17.5592	<.0001
HHINCOME	10	41.6963	<.0001
OCCMHOH	14	69.9538	<.0001

Type 3 Analysis of Effects			
Effect	**DF**	**Wald Chi-Square**	**Pr > ChiSq**
OCCFHOH	13	106.3872	<.0001
EDUFHOH	1	40.7892	<.0001
RACE	5	102.7958	<.0001
UNITPRIC	1	60.7548	<.0001
GENDER	1	387.1416	<.0001
MARITALS	4	95.3647	<.0001
PRIMARYU	7	24.7600	0.0008
OUTLETS	7	3830.6115	<.0001
SALEPR1	1	10.2975	0.0013

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
Intercept		1	0.8452	0.1210	48.8258	<.0001
AGE		1	0.00456	0.00130	12.2175	0.0005
MARKETSI	**1**	1	0.2027	0.1595	1.6159	0.2037
MARKETSI	**3**	1	-0.1496	0.0574	6.7839	0.0092
MARKETSI	**4**	1	0.3035	0.0571	28.2271	<.0001
MARKETSI	**5**	1	-0.0101	0.0496	0.0416	0.8383
MARKETSI	**6**	1	0.1259	0.0493	6.5141	0.0107
MARKETSI	**9**	1	0.1214	0.0503	5.8359	0.0157
HHSIZE		1	0.0382	0.00913	17.5592	<.0001
HHINCOME	**3**	1	0.0522	0.0751	0.4828	0.4872
HHINCOME	**6**	1	0.0973	0.0526	3.4137	0.0647

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
HHINCOME	**9**	1	0.0830	0.0388	4.5797	0.0324
HHINCOME	**12**	1	0.0647	0.0335	3.7350	0.0533
HHINCOME	**15**	1	-0.0137	0.0314	0.1885	0.6642
HHINCOME	**18**	1	-0.1017	0.0323	9.9037	0.0016
HHINCOME	**21**	1	0.0752	0.0364	4.2815	0.0385
HHINCOME	**24**	1	-0.1363	0.0371	13.5136	0.0002
HHINCOME	**27**	1	-0.0928	0.0445	4.3544	0.0369
HHINCOME	**30**	1	0.0442	0.0515	0.7366	0.3908
OCCMHOH	**1**	1	0.3309	0.1407	5.5326	0.0187
OCCMHOH	**2**	1	-0.0354	0.0377	0.8832	0.3473
OCCMHOH	**3**	1	0.1854	0.1002	3.4198	0.0644
OCCMHOH	**4**	1	0.0936	0.0566	2.7326	0.0983
OCCMHOH	**5**	1	0.00306	0.0421	0.0053	0.9420
OCCMHOH	**6**	1	0.0245	0.0650	0.1419	0.7064
OCCMHOH	**7**	1	0.0163	0.0603	0.0728	0.7872
OCCMHOH	**8**	1	0.6435	0.3063	4.4143	0.0356
OCCMHOH	**9**	1	0.0761	0.0461	2.7287	0.0986
OCCMHOH	**10**	1	0.00179	0.0478	0.0014	0.9702
OCCMHOH	**11**	1	-0.6509	0.0998	42.5581	<.0001
OCCMHOH	**12**	1	-0.0978	0.0800	1.4943	0.2215
OCCMHOH	**26**	1	7.8867	103.2	0.0058	0.9391
OCCMHOH	**99**	1	0.1064	0.1277	0.6943	0.4047
OCCFHOH	**1**	1	0.9167	0.2180	17.6899	<.0001

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
OCCFHOH	**2**	1	0.1820	0.0428	18.0621	<.0001
OCCFHOH	**3**	1	-0.0891	0.0423	4.4445	0.0350
OCCFHOH	**4**	1	-0.0420	0.0525	0.6411	0.4233
OCCFHOH	**5**	1	-0.00769	0.1257	0.0037	0.9512
OCCFHOH	**6**	1	0.5696	0.1735	10.7828	0.0010
OCCFHOH	**7**	1	0.1243	0.0481	6.6713	0.0098
OCCFHOH	**8**	1	-0.8231	0.5794	2.0181	0.1554
OCCFHOH	**9**	1	-0.3626	0.0782	21.4849	<.0001
OCCFHOH	**10**	1	-0.0516	0.0364	2.0058	0.1567
OCCFHOH	**11**	1	0.0785	0.0679	1.3390	0.2472
OCCFHOH	**12**	1	0.1702	0.2685	0.4016	0.5263
OCCFHOH	**99**	1	0.0958	0.0964	0.9875	0.3204
EDUFHOH		1	-0.0543	0.00851	40.7892	<.0001
RACE	**0**	1	-0.3287	0.0662	24.6637	<.0001
RACE	**1**	1	-0.4639	0.0479	93.8352	<.0001
RACE	**3**	1	-0.0994	0.1394	0.5087	0.4757
RACE	**4**	1	-0.3683	0.0711	26.8742	<.0001
RACE	**9**	1	-0.3531	0.1069	10.9161	0.0010
UNITPRIC		1	0.000085	0.000011	60.7548	<.0001
GENDER	**1**	1	0.2558	0.0130	387.1416	<.0001
MARITALS	**1**	1	0.3374	0.0379	79.3663	<.0001
MARITALS	**3**	1	0.3788	0.0527	51.6587	<.0001
MARITALS	**4**	1	0.0507	0.0996	0.2596	0.6104

Analysis of Maximum Likelihood Estimates						
Parameter		**DF**	**Estimate**	**Standard Error**	**Wald Chi-Square**	**Pr > ChiSq**
MARITALS	**5**	1	0.3107	0.2220	1.9592	0.1616
PRIMARYU	**1**	1	-0.1844	0.0718	6.5914	0.0102
PRIMARYU	**2**	1	0.1873	0.1153	2.6407	0.1042
PRIMARYU	**3**	1	-0.1762	0.1676	1.1049	0.2932
PRIMARYU	**4**	1	-0.1871	0.0795	5.5406	0.0186
PRIMARYU	**5**	1	-0.1156	0.0823	1.9762	0.1598
PRIMARYU	**6**	1	0.6994	0.4145	2.8475	0.0915
PRIMARYU	**7**	1	0.1799	0.1869	0.9261	0.3359
OUTLETS	**1.00**	1	0.7256	0.0434	279.3171	<.0001
OUTLETS	**2.00**	1	0.0505	0.0303	2.7755	0.0957
OUTLETS	**3.00**	1	-1.3082	0.0270	2353.5748	<.0001
OUTLETS	**4.00**	1	-0.1707	0.0294	33.7150	<.0001
OUTLETS	**5.00**	1	0.5667	0.0508	124.4205	<.0001
OUTLETS	**6.00**	1	0.8988	0.0857	109.9139	<.0001
OUTLETS	**7.00**	1	-1.3150	0.0630	435.4786	<.0001
SALEPR1	**1.00**	1	-0.0418	0.0130	10.2975	0.0013

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
AGE	1.005	1.002	1.007
MARKETSI 1 vs 2	1.225	0.896	1.674
MARKETSI 3 vs 2	0.861	0.769	0.964

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
MARKETSI 4 vs 2	1.355	1.211	1.515
MARKETSI 5 vs 2	0.990	0.898	1.091
MARKETSI 6 vs 2	1.134	1.030	1.249
MARKETSI 9 vs 2	1.129	1.023	1.246
HHSIZE	1.039	1.021	1.058
HHINCOME 3 vs 33	1.132	0.948	1.352
HHINCOME 6 vs 33	1.185	1.035	1.356
HHINCOME 9 vs 33	1.168	1.046	1.303
HHINCOME 12 vs 33	1.147	1.038	1.266
HHINCOME 15 vs 33	1.060	0.964	1.166
HHINCOME 18 vs 33	0.971	0.883	1.067
HHINCOME 21 vs 33	1.159	1.049	1.280
HHINCOME 24 vs 33	0.938	0.850	1.035
HHINCOME 27 vs 33	0.979	0.876	1.095
HHINCOME 30 vs 33	1.123	0.992	1.272
OCCMHOH 1 vs 0	1.392	1.057	1.834
OCCMHOH 2 vs 0	0.965	0.896	1.039
OCCMHOH 3 vs 0	1.204	0.989	1.465
OCCMHOH 4 vs 0	1.098	0.983	1.227
OCCMHOH 5 vs 0	1.003	0.924	1.089
OCCMHOH 6 vs 0	1.025	0.902	1.164
OCCMHOH 7 vs 0	1.016	0.903	1.144
OCCMHOH 8 vs 0	1.903	1.044	3.469

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
OCCMHOH 9 vs 0	1.079	0.986	1.181
OCCMHOH 10 vs 0	1.002	0.912	1.100
OCCMHOH 11 vs 0	0.522	0.429	0.634
OCCMHOH 12 vs 0	0.907	0.775	1.061
OCCMHOH 26 vs 0	>999.999	<0.001	>999.999
OCCMHOH 99 vs 0	1.112	0.866	1.429
OCCFHOH 1 vs 0	2.501	1.632	3.834
OCCFHOH 2 vs 0	1.200	1.103	1.305
OCCFHOH 3 vs 0	0.915	0.842	0.994
OCCFHOH 4 vs 0	0.959	0.865	1.063
OCCFHOH 5 vs 0	0.992	0.776	1.269
OCCFHOH 6 vs 0	1.768	1.258	2.483
OCCFHOH 7 vs 0	1.132	1.030	1.244
OCCFHOH 8 vs 0	0.439	0.141	1.367
OCCFHOH 9 vs 0	0.696	0.597	0.811
OCCFHOH 10 vs 0	0.950	0.884	1.020
OCCFHOH 11 vs 0	1.082	0.947	1.236
OCCFHOH 12 vs 0	1.186	0.700	2.007
OCCFHOH 99 vs 0	1.101	0.911	1.330
EDUFHOH	0.947	0.931	0.963
RACE 0 vs 2	0.720	0.632	0.820
RACE 1 vs 2	0.629	0.572	0.691
RACE 3 vs 2	0.905	0.689	1.190

Odds Ratio Estimates			
Effect	**Point Estimate**	**95% Wald Confidence Limits**	
RACE 4 vs 2	0.692	0.602	0.795
RACE 9 vs 2	0.702	0.570	0.866
UNITPRIC	1.000	1.000	1.000
GENDER 1 vs 2	1.668	1.585	1.755
MARITALS 1 vs 2	1.401	1.301	1.509
MARITALS 3 vs 2	1.460	1.317	1.619
MARITALS 4 vs 2	1.052	0.866	1.279
MARITALS 5 vs 2	1.364	0.883	2.108
PRIMARYU 1 vs 9	1.245	0.997	1.554
PRIMARYU 2 vs 9	1.805	1.335	2.441
PRIMARYU 3 vs 9	1.255	0.834	1.889
PRIMARYU 4 vs 9	1.241	0.981	1.571
PRIMARYU 5 vs 9	1.333	1.049	1.694
PRIMARYU 6 vs 9	3.012	1.165	7.791
PRIMARYU 7 vs 9	1.792	1.143	2.809
OUTLETS 1.00 vs 9.00	1.189	1.042	1.357
OUTLETS 2.00 vs 9.00	0.605	0.542	0.676
OUTLETS 3.00 vs 9.00	0.156	0.140	0.173
OUTLETS 4.00 vs 9.00	0.485	0.436	0.540
OUTLETS 5.00 vs 9.00	1.014	0.879	1.171
OUTLETS 6.00 vs 9.00	1.414	1.143	1.749
OUTLETS 7.00 vs 9.00	0.155	0.131	0.183
SALEPR1 1.00 vs 2.00	0.920	0.874	0.968

Association of Predicted Probabilities and Observed Responses			
Percent Concordant	73.2	**Somers' D**	0.466
Percent Discordant	26.6	**Gamma**	0.468
Percent Tied	0.3	**Tau-a**	0.222
Pairs	329934092	**c**	0.733