

## Private labels: Conceptual perspective and classification.

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**Déclaration de divulgation** : L'auteur n'a pas connaissance de quelconque financement qui pourrait affecter l'objectivité de cette étude.

**Conflit d'intérêts** : L'auteur ne signale aucun conflit d'intérêts.

**Pour citer cet article** : KOUCHIH .A & BENKIRANE .H (2024) « Impact des leviers de contrôle de gestion sur les capacités et la performance organisationnelle : une revue de littérature systématique », African Scientific Journal « Volume 03, Numéro 23 » pp: 0220 – 0241.

**Date de soumission** : Mars 2024

**Date de publication** : Avril 2024



DOI : 10.5281/zenodo.10992692  
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**Abstract**

The private label has never been unanimously defined and is not considered a new phenomenon: it was created in 1869 in Great Britain with Sainsbury, and in 1976, the Carrefour group in France launched its first private label, under the anonymous name of "produits libres" as an alternative to national brand products. Afterwards, all competitors followed suit and private labels flooded the shelves. Since then and until today, private labels have not stopped growing and evolving into other forms. We can even talk about four generations of private labels, depending on their historical evolution and scope.

Our methodological approach is based on a literature review to gain a better understanding of private label definitions, while taking into account historical factors linked to the evolution of private label classification.

This study also seeks to confirm these facts through a comprehensive exploratory analysis.

Our results show that in developing countries such as Morocco, private label need to take into account the socio-cultural and economic context in order to market these brands more effectively, especially as they evolve and modernize more and more.

**Keywords:** definition, private label, free products, national brand, the four generations of private labels

## **Introduction**

The brand has always been a means of standing out to get noticed. This is the case with private labels (MDD), as differentiating themselves by price or quality, or both, is the *raison d'être* of this type of brand. But first, it should be noted that private labels have never been defined in the same way from one author to another for cultural, economic, or social reasons. In parallel with this, private labels have undergone several historical evolutions, thus taking an increasingly prominent place in the consumer's life as retailers strive to democratize them and make them increasingly accessible. Furthermore, private labels have undergone radical transformations because the desired stakes by retailers are not the same, and this is what we will analyze in this article.

**In light of the above, our problem statement is as follows: « how have private labels evolved over time in a country like Morocco? ».**

Our work will be divided into two parts:

- The first part, with a conceptual scope, will present the fundamental concepts related to MDD in order to understand the scope of the concept and the different approaches to its delimitation.
- The second part, dealing with the classification of MDDs, will address the historical evolution of these brands starting from the generic brand and reaching the premium private brand while returning to the price perspective.

Empirically, our study aims to investigate the Moroccan field, given the dearth of work in this area. By the same token, we advocate the principle of contextualization, which is highly prized in management science research. We will study the cases of two major Moroccan retailers: Marjane and Carrefour, in order to gain a better understanding of the types of private label in Morocco.

Finally, for the epistemological positioning, we will base ourselves on the constructivist paradigm, as the facts studied are constructed by the subjective interpretations of the authors of this article (proposal for a definition of private labels according to the Moroccan context).

## **1. Definition of MDD: consensus or not?**

### **1.1. Multiplicity of definitions of MDD**

The Moroccan legislation is textually inspired by that of France to define MDD. In fact, the law of May 15, 2001, relating to New Economic Regulations (NRE), precisely defines MDD in its article 62 as follows: Part I - Chapter I: Distributor brands. "A product sold under the distributor's brand is considered to be a product whose characteristics have been defined by the company or group of companies responsible for its retail sale and who owns the brand under which it is sold."

In Francophone literature, private label products are defined as "a product manufactured by or for a distributor"<sup>1</sup> (Dimitriadis, 1993), according to specifications defined by the distributor, and sold in their stores under a brand owned by them<sup>2</sup> (Beylier, 2016).

(Malaval & Benaroya)<sup>3</sup> specify that: "By definition, a private label is a brand developed by a distribution company that sells goods under its own name but generally does not produce them. It is not necessary for this brand to be present and visible on the products for it to exist. Indeed, the private label is already defined by the services provided to customers in terms of product selection, stock availability, geographical proximity, and potential usage advice."<sup>4</sup>

In Anglo-Saxon literature and according to Baltas<sup>5</sup> (Baltas, G., 1997), MDDs are defined as 'consumer products produced by distributors or non-distributors and sold under the distributor's own name or brand in their stores.'

In the United States, MDDs are known as private labels or house brands, and they are divided into two major categories: 'no-name' brands and 'high-end' brands.

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<sup>1</sup> Dimitriadis S. (1993), L'extension des marques et des enseignes : cadre conceptuel et problématique managériale, Recherche et Applications en Marketing, 8 : pp. 21-44.

<sup>2</sup> Beylier R. P. (2016), Les Marques de Distributeur de terroir comme outil de légitimation de la grande distribution. Economies et finances.

<sup>3</sup> Malaval P., Benaroya C. (1998), Les marques de distributeurs dans le contexte industriel. Décisions Marketing, Association Française du Marketing, 15, pp.59-68.

<sup>4</sup> <https://www.e-marketing.fr/Definitions-Glossaire/Marque-distributeur>.

<sup>5</sup> Baltas G. (1997), Determinants of store brand choice: a behavioral analysis, Journal of Product and Brand Management, 6 (5): pp.315-324.

## **1.2. Definition Proposal to Address the Shortcomings of Existing Definitions**

### **1.2.1 The issues raised by the multitude of definitions of MDDs and the heterogeneity of their importance**

After analyzing the PLM (Private Label Manufacturer), we found that the term "marque de distributeur" (Distributor Brand) has not been defined unanimously by researchers, and this is due to several reasons<sup>6</sup>:

In each country, the importance of private label brands depends on the type of product. On the other hand, there are many factors that explain the emergence of private label brands in a particular distribution channel. There are supply-side factors (supply structure, market penetration capacity, innovation, distribution network characteristics, etc.) and demand-side factors that essentially determine consumer purchasing behavior. Taking the example of the "economic cycle," private label brands are heavily influenced by this variable. When the economy is in a recession, as we are experiencing nowadays, consumers buy more private label brands due to their decreased purchasing power. Conversely, when the economy is booming, the consumption of private label brands will decrease as consumers opt for more well-known and expensive brands due to their higher purchasing power.

The designation also varies from country to country due to purchasing power and the importance given to each type of private label brand: in Anglo-Saxon literature, several terms are used interchangeably to refer to private labels (Huang & Huddleston, 2009)<sup>7</sup>. These expressions can also vary from country to country. In the United States, for example, terms such as "store brands," "house brands," or "private label brands" are often used.

In Quebec, as in the United States, MDDs are known as private label or store brand and can be divided into two main categories: "no name" brands and "premium" brands (Castonguay, 2003)<sup>8</sup>.

In both countries, private label brands are practically nonexistent. Retailers such as IGA, Loblaws, and Métro no longer put their name on their products. This is a category of private label brands that is disappearing due to numerous changes that have shaped the private label brand offering in recent years. As for "1st price" private label brands, the offering generally

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<sup>6</sup> Beaume-Brizzi C. (2017), *Marque et identité : Le rôle de la marque dans les processus de régulation identitaire des managers : Le cas de l'industrie du luxe*. Thèse de Doctorat en gestion et management. PSL Research University.

<sup>7</sup> Huang Y., Huddleston P. (2009), *Retailer premium own-brands: creating customer loyalty through own-brand products advantage*. International Journal of Retail & Distribution Management Vol. 37 No. 11, pp. 975-992.

<sup>8</sup> Aouinti M. (2009), *La gestion de la marque par les PME productrices des MDD : cas des fromageries québécoises*. Mémoire présenté à l'Université du Québec à Trois-Rivières

concerns consumer goods. However, in Quebec, this category of private label brands has not experienced the same success as in France.

In the United Kingdom, the term "own brands" is often used, while in Australia, the term "home brands" is more common. How can we navigate the world of private labels with these different terms? In French marketing literature, researchers and practitioners categorize both "store brands" and "private labels" under the term "private labels," without making a distinction and excluding economy brands. In the case of Morocco, the history of private labels is still quite recent (beginning in the 1990s with the Aro Macro private label), but it is heavily influenced by the French model.

The "Private Label Manufacturers Association" provides the following definition: MDD products include all goods sold under the brand of a retailer. This brand can be the name of the retailer itself or a designation created exclusively for its use.

These definitions highlight important points (Bergès, Bontems, & Réquillart, 2009)<sup>9</sup>, but the most detailed one is that of the French legislator:

- The control of the brand and its characteristics by the distributor, whereas this control traditionally falls within the responsibility of a producer, on the one hand,
- The exclusivity that implies that different distributors will not provide the same Private Label Brands (PLBs),
- The ownership of the PLB by the distributor as it is created by or for the distributor,
- Retail sales: these PLBs are generally intended for the end consumer, unlike manufacturer brands and service brands.
- Consumption of private label brands will decrease as consumers opt for more well-known and expensive brands due to their higher purchasing power (Aouinti, 2009)<sup>10</sup>.

The designation also varies from country to country due to purchasing power and the importance given to each type of private label brand: in the Anglo-Saxon literature, several terms are used interchangeably to indicate private labels (Huang & Huddleston, 2009)<sup>11</sup>. These expressions can also vary from country to country. In the United States, for example, the terms "store brands," "house brands," or "private label brands" are often used.

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<sup>9</sup> Bergès F., Bontems P., Réquillart V. (2009), L'impact économique du développement des marques de distributeurs », *Économie & prévision*, pp. 41-56.

<sup>10</sup> Aouinti M. (2009), La gestion de la marque par les PME productrices des MDD : cas des fromageries québécoises. Mémoire présenté à l'Université du Québec à Trois-Rivières.

<sup>11</sup> Huang Y., Huddleston P. (2009), Retailer premium own-brands: creating customer loyalty through own-brand products advantage. *International Journal of Retail & Distribution Management* Vol. 37 No. 11, pp. 975-992.

In Quebec, like in the United States, private label brands are known as "marque privée" or "marque maison" and can be divided into two main categories: "no name" brands and "premium" brands. In both countries, retailer brands are practically non-existent. Retailers such as IGA, Loblaw's, and Métro no longer put their name on their products. This is a category of private label brands that is disappearing due to the many changes that have shaped the private label brand offerings in recent years. As for the "1er prix" private label brands, the offering generally concerns consumer goods. However, in Quebec, this category of private label brands has not had the same success as in France.

### **1.2.2. The non-consideration of the entire typology of MDD**

The hard discount brands (HD) do not appear in the aforementioned definitions of private label brands, although hard discount is experiencing growing success, particularly due to successive economic and health crises, consumers' desire to control their expenses by buying low-priced products, the proximity of hard discount stores, the time saved by quickly doing shopping, and the versatility of the staff. In addition, in HD stores, there is not only geographic proximity, but we can identify five dimensions, namely "access proximity," "functional proximity," "relational proximity," "identity proximity," and "process proximity" (Bergadaa & Del Bucchia, 2009)<sup>12</sup>. "Access proximity" is for some consumers the fact that the store is closest to their homes, for others, on the way to their jobs. "Functional proximity" is characterized by the desire not to waste time, the refusal to wait at the checkout, the ease of finding products, having a wide choice of products, having access to parking, and in order to optimize the trip (Bell, Ho, & Tang, 1998)<sup>13</sup>. For "relational proximity," relationship marketing is used because it is no longer just about attracting customers but building relationships with them through a service (proximity links with the merchant, welcoming and available staff, etc.) that can differentiate the company from its competitors (Ryans & Wittink, 1977)<sup>14</sup>. Due to "identity proximity," it represents the relationship that the consumer establishes with the company. It has a large affective part because the customer adheres to the values that the company represents in their eyes (for example, the prohibition of alcohol sales at Marjane). Finally, there is "process proximity," which concerns the importance that the consumer attaches to the store's internal

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<sup>12</sup> Bergadaa M., Del Bucchia C. (2009), La recherche de proximité par le client dans le secteur de la grande consommation alimentaire. Dans *Management & Avenir*, pp. 121 à 135.

<sup>13</sup> Bell D. R., Ho T.H and Tang C.S. (1998), Determining where to shop: fixed and variable costs of shopping, *Journal of Marketing Research*, Vol. 35, August, pp.352-369.

<sup>14</sup> Ryans A.B., Wittink D. R. (1977), The marketing of services: categorization with implication for strategy, *Contemporary Marketing Thought*, éd. AMA, Chicago, pp. 312-314.



processes (its suppliers, its products, its logistics, etc.), which are intended to guarantee the quality of the expected products or services.

Should the proposed typology for private label brands include generic brands, first price brands (economical private label brands), and hard discount brands? Because in the first case, we are talking about unbranded products, and in the second and third cases, we are talking about products based only on a low-price advantage. However, if we stick to the aforementioned definitions of private label brands, namely exclusivity, ownership, and retailing, first price private label brands, hard discount private label brands, and generic private label brands fit into the typology of private label brands.

Rapid development of private label brands in recent years and evolution of their typology: historically, the first private label brands were generic private label brands followed by economical private label brands (quasi-brands), both types developed in 1975-1985. After that, there were store brand private label brands (often in the form of umbrella brands appearing in 1985-1995), complemented by own brand private label brands (thematic and premium brands developed in 1995-2003) and by hard discount brands (1990-2004)<sup>15</sup> before returning to the price logic from 2003 to today and marketed not only in hard discount stores<sup>16</sup> but also in supermarkets (in the form of first price brands like Carrefour Discount appearing in 2009 in France).

We have seen for more than one reason that MDDs cover a heterogeneous reality in deeply distinct economic and cultural contexts with different issues depending on their marking policy (Jara M., 2008)<sup>17</sup>. This is what creates the lack of consensus around their definition.

We will now propose the following definition which will attempt to bring together the majority of the discussed points :

**Private label is a trademark created by the distributor, often on their behalf and of which they are the exclusive owner. It allows offering customers competing products to producer brands, with or without the store's name, using different branding strategies and various price/quality/service positions<sup>18</sup>.**

<sup>15</sup> <http://www.carrefourdiscount.fr/> (Marque carrefour discount : la qualité à prix discount). Pierre Desmet 2014 consulté le 2 août 2021.

<sup>16</sup> « Un magasin hard-discount est un libre-service alimentaire avec un personnel réduit, une présentation sommaire, un assortiment limité aux produits de base, des prix bas, peu ou pas de marques nationales, mais des produits sous marques de distributeurs ou des produits sans marque »

<sup>17</sup> Jara M. (2008), Conceptualisation et mesure du capital marque de la marque de distributeur. Thèse présentée en vue de l'obtention du titre de Docteur de l'Université de Rennes I : mention « sciences de gestion ».

<sup>18</sup> Kouchih A., Benkirane H. (2023), La perception du « made in Morocco » dans les marques de distributeur par le consommateur marocain : cas du secteur de la grande distribution alimentaire. Revue internationale des sciences de gestion, Volume 6 : numéro 4, pp.1058-1077.



## **2. Types of MDD, towards a new economic model**

### **2.1. The generations of MDD**

#### **2.1.1. The MDD in terms of pricing**

The private label is not a new phenomenon: it was created in 1869 in Great Britain with Sainsbury, then by Marks & Spencer with Saint Michael, and was introduced by Casino in France in 1901.

And in 1976, the Carrefour Group launched its first private label, under the anonymous name "produits libres," as if it didn't really believe in it. The first private label products were positioned as "budget options." These "produits libres" were intended as an alternative to national brands, prioritizing the quality of the product over the appearance of the packaging.

Since then, all competitors have followed suit and private labels have flooded the shelves, surpassing the major brands. With prices 30% cheaper than manufacturer brands and aiming to maintain or restore household purchasing power, there was undoubtedly an economic dimension. Beyond this intention, Carrefour opted for a clearly consumerist discourse (Djedidi & Lacœuilhe, 2016)<sup>19</sup> in order to offer simple products without superfluous marketing, both in terms of the brand name and packaging. At that time, the company was already positioning itself with arguments of being a "smart shopper" or even using anti-marketing arguments against the practices of manufacturers.

In Morocco, we can mention examples of economical or price-oriented private labels found in GMS:

In the Marjane Group, there are Fayz products, formerly known as economical products, which can be found in consumer goods.

In the Carrefour-Label Vie Group, there are the Twimen products, white-label products, or generic brands.

In the Ynna Holding Group, Asswak Assalam launched its first private label brand, Janis, in 2015. It is a proprietary brand that is found in everyday consumer products.

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<sup>19</sup> Djedidi, A., Lacœuilhe, J. (2016), La relation à la MDD, approche par la fidélité oppositionnelle. Revue des Sciences de Gestion.

### **2.1.2. Appearance of mid-range own-brand products**

To try to distance themselves from the image of low prices and poor quality that has been associated with them, retailers have embarked on a process of improving their products. The "mid-range" positioning is therefore one that offers the best value for money. However, this is a strategy of copying the category's leading national brand, especially in terms of packaging (Breton, 2004)<sup>20</sup>.

Mid-range private label brands can be found in store brands and own brands. "Store brands" are signed with the name of the store. These are good quality products with added value, packaged like national brands (but without direct imitation intended to deceive the consumer). Here, the store seeks to reassure the consumer about the quality of its products and its consistency over time (thus developing long-term relationships with producers). This recognition of the name offers more convenience by making it easier for the consumer to identify the brands (Kapferer J., 1999)<sup>21</sup>.

Mid-range private label brands can be found under the store brand and own brand labels. Store brands are identified by the store's name (Kapferer, 1999). These are good quality products with added value, packaged like national brands (but without direct imitation to deceive the consumer). In this case, the store tries to convince the consumer of the quality of its products and their consistency over time (which allows for the building of long-term relationships with producers). This recognition of the name is more practical and allows the consumer to easily find the brand (Kapferer, 1999).

That is why the majority of retail chains (Carrefour, Auchan, Cora, etc.) have switched from a private label strategy to a store brand strategy. The main risk of this strategy is the amplification of negative feedback effects on the chain's image in case of private label failure (Ailawadi & Keller, 2004)<sup>22</sup>.

In the case of a retail chain, two negative consequences can occur: long-term dilution and image confusion. Dilution of the store's image is equivalent to the weakening of its emotional value

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<sup>20</sup> Breton P. (2004), les marques des distributeurs : les MDD ne sont pas que des copies ! Edition Dunod, Paris

<sup>21</sup> Kapferer J-N. (1999), La marque-enseigne et son avenir : une évaluation, *Revue Française de Gestion*, n°124, pp.122-127.

<sup>22</sup> Ailawadi K.L., Keller K.L. (2004), Understanding retail branding: conceptual insights and research priorities, *Journal of Retailing*, n°80, pp.331-342.

and associations (Cegarra & Merunka, 1993)<sup>23</sup>. Incidents related to certain food products sold under the store brand or differences in service provided in different stores of the chain illustrate the likely risks of dilution of the overall store image. Confusion, on the other hand, refers to the lack of perceptual coherence between the associations of the store brand image and the store's image.

Two types of store brand can be distinguished:

**-The private label brand.** This is the main activity of MDD. The signature of the brand is traditionally associated with "me-too products", copies of major brands. For some, it is a signature, for others, an umbrella brand. While this approach theoretically does not offer the possibility of targeting different customer segments, the "copy" positioning in relation to different major brands offers a certain degree of freedom, depending on the brand and the targeted product category. This results in qualitative differences between the products offered. However, there is a risk of confusion, inconsistency, and loss of brand image. Perceptually, its presence in many aisles dilutes the personality of its brand, making it a relatively undervalued and inexpensive substitute for an economic alternative product.

**-The "flag" private label brand.** This more discreet form of signature supports products without mentioning the name of the brand. It takes the form of a pictogram-logo placed on each product of the brand<sup>24</sup> (Colla, 2001). However, once communication is established, customers often recognize the link between the brand and the brand.

Moreover, the flagship brand has two brand names:

**A brand name that applies to all products** (an umbrella brand like *Sélection des Mousquetaires de Leclerc*),

**A brand name specific to each product line** (such as *Cosmétiques Design Paris de Carrefour* for body care). It implies to the customer that the retailer has put in the effort to carefully select these products. The advantage of this strategy is to convey a distinct communication and avoid any undesired image contamination. However, since the retailer is fully committed to this brand, the flagship brand will resemble the store brand (Jara, 2008)<sup>25</sup>.

Store sub-brands.

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<sup>23</sup> Cegarra J-J., Merunka D. (1993), Les extensions de marque : concepts et modèles, Recherche et Applications en Marketing, n°8, pp.53-76.

<sup>24</sup> Colla E. (2001), La grande distribution européenne, Nouvelles stratégies de différenciation et de croissance internationale, 2è édition, Paris, Vuibert.

<sup>25</sup> Jara M. (2008), Conceptualisation et mesure du capital marque de la marque de distributeur. Thèse en Sciences de Gestion.

Designing the sub-brand. Another variant is to use the store name along with another name, which can be called a sub-brand. The advantage of this strategy is that it avoids the risk of excessive homogenization of the offering (Binninger A.-S., 2005)<sup>26</sup>.

These sub-brands expand the scope of the store brand, allowing it to be associated with new attributes: Taste value (Monoprix Gourmet), ecological value ("Casino Bio", "Monoprix Bio", "Carrefour Agir Bio", "Bio U"), energy and health (Carrefour without gluten), civic dimension (Carrefour Max Havelaar), guarantee in terms of traceability, for example (Carrefour Quality Supply Chain) or targeting a specific segment (Rik et Rok d'Auchan). Just like with a traditional brand, this approach leads to a more complex brand architecture, but without compromising clarity. The positioning is easier to identify, and the customer knows exactly what the retailer is offering. This approach allows the sub-brand to differentiate itself from the store brand copy through clearer positioning and a promise to the customer.

In France, the generation of core range private labels (MDD) emerged in the mid-eighties, after the launch of generic products sold without a brand by retailers. To avoid confusion between flagship products and generic products, retailers decided to guarantee their products by affixing their name to them (Breton, 2004)<sup>27</sup>. But with the rise of hard discount brands, they have introduced other types of private labels : transversal brands and premium MDD.

### **2.1.3. Differentiate with Premium Private Label Brands**

Instead of limiting themselves to cheap generic products, retailers began to realize in the mid-1990s that they had to be competitive on other fronts. Under the pressure of hard discounters and the increasing volatility of consumers, they had no choice but to develop a new category of private labels: cross-brand private labels and premium private labels. These encompass both high-end targets and innovative markets that were previously reserved for national brands (Breton, 2004)<sup>28</sup>. They also have strong marketing content and convey strong promises (organic, local, exotic, etc.) that go beyond simple value-for-money.

With the introduction of these brands, retailers hope to achieve dual success: they want to clearly distinguish themselves from their competitors and play on an equal level as national brands. The pioneers of premium private labels in Europe are British: Marks & Spencer, Sainsbury's, and Tesco. For example, Tesco's Finest yogurt is a high-end private label and costs

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<sup>26</sup> Binninger A.S. (2005), Les marques de distributeur, machines de guerre des enseignes. L'Expansion Management Review, N° 118, pp. 64 - 72.

<sup>27</sup> Breton P. (2004), les marques des distributeurs : les MDD ne sont pas que des copies ! Edition Dunod, Paris.

<sup>28</sup> Breton P. (2004), les marques des distributeurs : les MDD ne sont pas que des copies ! Edition Dunod, Paris.

more than some national brands like Danone or Weight Watchers (Kumar & Steenkamp, 2007)<sup>29</sup>.

In France, Promodès had the idea in 1996 to develop a cross-range focused on the valorization of regional know-how: the brand Reflets de France was then born. (Messeghem, 2005)<sup>30</sup> In a few months, this cross-range private label became an integral part of the consumer's shopping experience.

Furthermore, this new fashion private label "accomplished a dual task, managing to appeal to both nostalgic older people and young people in search of their roots." Over the years, the concept of third-generation cross-ranges expanded to other consumer trends: organic and environment with Monoprix Bio, fitness with Carrefour Light, products for children like Rik and Rok from Auchan, etc. The latter even has its own private label.

#### **2.1.4. Back to price logic for private label brands**

Since the 2000s, the increase in private label product ranges (mid-range, premium, cross-cutting, etc.) and references has led to confusion among consumers, who can no longer navigate through this inflation of products (Breton, 2004). In addition, the difficult economic situation has resulted in consumers becoming more price-sensitive. As a result, a return to price has become a necessary step for retailers in their quest for market share. Two important factors have favored a price repositioning without too much loss of quality: the offensive of hard discount and the issue of purchasing power.

##### **• The rise of hard discount (HD)**

Consumers are becoming increasingly price-sensitive when purchasing food products. They are abandoning major brands in favor of store brands and budget options, but most importantly, they are increasingly turning to hard discounters, which have just recently emerged (Moati & Ranvier, 2005)<sup>31</sup>. With the loss of market share for their traditional private label brands, large retailers are forced into a price war to get back in the game and regain their discount identity. Leclerc introduced the Eco+ range in 2000. Auchan, Intermarché, and Carrefour successively launched "Pouce", "Top Budget", and "No 1" in 2002 (Terrasse, 2006)<sup>32</sup>. The Carrefour group went further in its war against HD. It launched "Carrefour Discount" in 2009, a range of 400

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<sup>29</sup> Kumar N., Steenkamp J-B E.M. (2007), Private label strategy, Boston, Harvard Business School Press.

<sup>30</sup> Messeghem K. (2005), Les distributeurs en quête de légitimité : le cas des accords de coopération avec les PME, *Décision Marketing*, 39 : pp.57-66.

<sup>31</sup> Moati P., Ranvier M. (2005), Comportements et attitudes des consommateurs à l'égard du commerce alimentaire. Enquête Commerce 2005, Cahier de Recherche du CRÉDOC, n° 211.

<sup>32</sup> Terrasse C. (2006), L'engagement envers la marque. Proposition d'un modèle théorique et application à la comparaison de la fidélité aux marques nationales et aux marques de distributeurs. Thèse de Doctorat en Sciences de Gestion.

everyday products, particularly food products, whose quality is guaranteed by Carrefour and at discount prices. This discount range was available in several stores of the group (Carrefour Hypermarket, Carrefour Market, etc.). However, Carrefour Discount hasn't been highlighted by the brand for a long time. Since 2012, Carrefour had started testing own-brand or white-label products. In Canada, the main supermarket chain, Loblaws, has opened several HD stores in recent years.

However, there seemed to be a slowdown in the HD model even among specialists like Lidl because we noticed in France, for example, that this retailer had experienced a slowdown in store openings, a stagnation of market share for hard discount at less than 13% compared to 45% in Germany (Cheriet)<sup>33</sup>, a strong competition among discounters, but also the reaction of traditional brands by implementing their own discount-low price offerings and the development of convenience stores and drive-through services.

This repositioning of retailers on price seems to have yielded tangible results, as the growth rate of hard discounters in developed countries has slowed and stagnated. At the end of 2008, experts predicted that the market share of HD, then in full growth, would reach 25% by 2012. However, the market share of HD chains dropped to 13.8% (as of October 4, 2009).

#### • The issue of purchasing power

In the entire industrialized world, the issue of purchasing power is a reality. With the current economic crisis, consumers have become more price sensitive. Several studies have shown that consumers have changed their buying habits, especially when it comes to brands. For example, it has been observed that American consumers have significantly modified their purchasing behavior during the subprime crisis. To simplify, 30% have responded that they buy more store brands, and, in most cases (75%), this change is due to difficult economic conditions. (PLMA, 2009). The same observation has been made since the pandemic and more recently since the war between Russia and Ukraine, where consumers are even more vigilant when shopping and opt for products that offer similar quality and features at a significantly lower price<sup>34</sup>. Thus, store brands can be an effective tool to increase consumers' purchasing power, as they offer a

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<sup>33</sup> Cheriet F. (2017), Rupture or not rupture? Les perceptions des consommateurs de la sortie de Lidl du hard discount alimentaire en France ». XXVIe Conférence Internationale de Management Stratégique.

<sup>34</sup> <https://www.mobilemarketing.fr/>. Article publié par la plateforme Tiendeo le 3 juin 2022 et consulté le 23 juin 2022.

price/quality advantage compared to national brands. (Cadenat & Pacitto, 2009)<sup>35</sup>; (Bergès-Senou, Bontems, & Réquillart, 2009)<sup>36</sup>.

Moreover, according to Kapferer<sup>37</sup>, in France, private label brands (MDD) are "currently the only response to the issue of purchasing power. People will have to spend smarter to earn more, which can represent up to 30% savings on the bill before taxes. Not to mention the fact that private label brands are no longer of poor quality."

However, the findings of Geffroy & Chabaud (2009) seem to go against the argument that private label brands serve purchasing power. Using a longitudinal study, they show that the price gap between private label brands and national brands (MN) decreased from 20% to 12.82% between 2003 and 2008. According to the authors, this is not an isolated observation, as the "Journal du net" reached similar conclusions after several price surveys.

## **2.2. MDDs in Morocco: case of Carrefour and Marjane GMS**

In Morocco, the history of Private Label Brands (MDD) is not very ancient, with the first private label brands appearing in large and medium-sized food retail stores in 2005. In less than ten years (from 2005 to 2015), over 3,000 MDD references have been introduced to the national market. They now account for 10% of company revenue (compared to initially less than 5%). One of the reasons for this boom is the difference in prices.

Indeed, "MDD products are 10 to 30% cheaper, or even more, compared to branded products of the same nature, depending on the product category." In Europe, where MDD brands account for between 20% and 80% of the revenue of certain retailers, the price difference ranges from 5% to 20%.<sup>38</sup> Paradoxically, the profit margin for these types of products in Morocco ranges from 20% to 50%, which means that local operators should be more creative in selling more MDD products since they offer good profit margins. The price difference is justified by cost-saving measures in packaging, marketing, and communication.

For MDD products sold in Morocco's stores, we will provide examples based on product categories following our visit to Carrefour and Marjane, supplemented by documentary research conducted in 2019.

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<sup>35</sup> Cadenat, S., Pacitto, J.-C. (2009), Contraintes et opportunités à fabriquer des marques de distributeurs : une étude exploratoire, 55 (juillet septembre), pp.29-40.

<sup>36</sup> Bergès-Senou, F., Bontems, P. and Réquillart, V. (2009), L'impact économique du développement des marques de distributeurs, *Economie et Prévision*, 189, 3, pp.41-56.

<sup>37</sup> Kapferer J.N. (2007) : "On observe un phénomène de polarisation sur le marché".

<sup>38</sup> <https://www.lavieeco.com/economie/les-marques-de-distributeurs-reconfigurent-les-rayons-des-supermarches-34461/>. Consulté le 20 février 2019.



**Table N°1: MDD In the High Tech and household appliance sections**

Product	<b>MDD Carrefour</b>	<i>MDD Marjane</i>
Television	Fullteck, Sunny	Westwood, MGS
Blinder, coffee maker, toaster, kettle...	Bluesky, Mandine	Denwa (for the fridges)
Stove, oven	Kumtel	

**Source : self-made chart**

NB: Datasmart, which is a brand owned by Aswak Assalam, dedicated to small household appliances, was only launched in 2017 with 20 references<sup>39</sup>.

**Table N°2 : The store brands in the kitchen aisle**

Product	<b>MDD Carrefour</b>	Product	<i>MDD Marjane</i>
Pizza dish, mold, glass, cutlery...	Carrefour Home	Stove, Dutch oven, saucepan ....	Top Home
Tupperware	Carrefour	glasses	Economic product

**Source : self-made chart**

<sup>39</sup> <https://www.aswakassalam.com/>

**Table N° 3: MDD in the textile department**

Product	MDD Carrefour	Product	MDD Marjane
Napkin, bathmat, pajamas ...	TEX	Napkin	Top Home
Underwear, sweater, slipper.	TEX	Underwear, sweater, shoes	In extenso

**Source : self-made chart**

NB: **CODE** is an exclusive brand specialized in ready-to-wear textiles and household linens. Originating from Portugal, the brand was launched in 2015 by Asswak Assalam.

**Table N°4: MDD in the maintenance department**

Product	MDD Carrefour	Product	MDD Marjane
Degreaser, anti-limescale tablet,	Carrefour	Degreaser, anti-limescale tablet,	Casino
Liquid laundry detergent	Carrefour eco, Carrefour	Liquid detergent/softener/Powder detergent	Casino, Marjane, MDD generic
Bleach	Twimen	Bleach	Economic product
Liquid laundry detergent	Carrefour eco planet, Carrefour, Twimen	Liquid laundry detergent	Marjane, Casino

**Source : self-made chart**

NB: Janis is a brand owned by Aswak Assalam, launched in 2015 with nearly 100 references and superior quality at the best price. It is also found in hygiene and grocery products.

**Table N°5: The private label brands in the grocery aisle**

Product	<b>MDD Carrefour</b>	Product	<i>MDD Marjane</i>
Mushroom	Carrefour, MDD generic	Mushroom	Marjane
Sauce	Carrefour Twimen and generic private label (for mustard)	Sauce	Marjane, Casino Carrefour Twimen and generic private label (for mustard)
Oil	Twimen	Oil	Fayz <sup>40</sup>
Dough	Carrefour	Dough	Marjane, Casino, Casino Bio
Infusion	Carrefour	Infusion	Casino, Casino Bio
Tea	Twimen	Tea	Produit économique
Coffee	Carrefour	Coffee	Marjane, Casino
Chocolate	Carrefour, carrefour Bio	Chocolate	Casino, Casino Bio, Casino Doodingues
Corn Flakes	Carrefour, carrefour Bio, MDD generic	Corn flakes	Carrefour, Carrefour Bio, generic MDD, economical product,

<sup>40</sup> Fayz remplace désormais le produit économique de Marjane. La disparition complète de ce dernier se fait graduellement.

			Doodingues from Casino.
Chips	Carrefour	Chips	Marjane
Jam	Carrefour Bio	Jam	Casino, Casino Bio
Spreadable chocolate (introduced in January 2019)	Label vie	Spreadable chocolate	Fayz
-	-	Milk	Marjane
-	-	Wheat grains	Marjane, Casino
Cheese	Carrefour	Cheese /butter	Casino, Casino Bio
Biscuit	Carrefour, Carrefour Bio	Biscuit	Marjane, Casino, Casino Bio

**Source : self-made chart**

### **Other MDD :**

From February 2019, Marjane, with the support of its breeding and Moroccan farming partners, launched a thematic private label called "Marjane Selection", which has become the "Filière Exclusive M"<sup>41</sup>, to meet the demands of Moroccan consumers for "Better Eating". The objective is to find the right price and reaffirm the group's values based on transparent information. In fact, this is the first time we can observe complete traceability of products in Morocco. In partnership with breeders and producers of all sizes, Marjane ensures compliance and consistent, high-quality products through the development of sustainable specifications. They allow for rigorous and ongoing control throughout the production process. This innovative approach primarily targets customers who are concerned about their health and want to consume authentic, healthy, diverse, and quality products manufactured in respect of the

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<sup>41</sup> [www.marjane.ma](http://www.marjane.ma)

environment and animal welfare. The products covered by the selection process initially include three sectors: the meat sector, the trout sector, and the Orange Cara Cara sector.

Meat Sector: Marjane's meat, available all year round, is raised in Beni Mellal, Doukkala, and Meknes without growth hormones and with a balanced diet.

Trout Sector: Atlas trout, rich in omega-3 fatty acids and free of GMOs, is naturally raised in the Oum Rabii and Ain Aghbal sources. There is also M'diq seabass, which comes from Moroccan aquaculture and is not treated with preventative antibiotics.

Orange Cara Cara Line<sup>42</sup>: Available from January to mid-March, Cara Cara oranges are products originating from sustainable agriculture. They are harvested when fully ripe to ensure their sugar content. Their cultivation is traced throughout the production cycle and they do not undergo any chemical treatment after harvesting.

Two more sectors have been added to the first three :

- The Oulmes Apple Sector is harvested when fully ripe to guarantee its flavor and is not chemically treated after harvest.
- Carrot, strawberry, and mint sectors without residues (the mint is watered with treated and controlled water).

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<sup>42</sup> [www.agri-mag.com](http://www.agri-mag.com) (janvier 2020)

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## **Conclusion**

We can conclude from this work that in developing countries like Morocco, distributors holding private labels must take into consideration the socio-cultural and economic context because the purchasing towards private labels, and the diversity within these brands are not the same as in developed countries. Also, the historical evolution of private labels is not comparable between Morocco and a developed country. Often in our country, different types of private labels have been launched and marketed at the same time or at close intervals. Therefore, consumers have had access to different ranges of private labels at the same time.

Furthermore, certain private labels have the status of real brands in these countries. For example, the Carrefour private label in the liquid department is sold at a higher price than the national brands in the stores of the Label Vie group.

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