

STUDY OF THE COMPETITIVE DYNAMICS BETWEEN NATIONAL
BRANDS AND PRIVATE LABELS WITHIN THE SOFT DRINKS
INDUSTRY

Aude Guérin

Dissertation submitted as partial requirement for the conferral of

Master in International Management

Supervisor:

Prof. Ana Margarida Madureira Simaens, Assistant Professor, ISCTE Business School,
Department of Marketing, Operation and Management

Co-supervisor:

Prof. Nelson José dos Santos António, Full Professor, ISCTE Business School, Department of
Marketing, Operation and Management

July 2018

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Abstract

Purpose: Our dissertation aims at understanding how competitive dynamics influence the performance of Private Labels (PL) and National Brands (NB) within the French soft drinks industry. We seek to understand how PL brands and NB build their competitive advantage in the market and how they compete against one another. Lastly, our objective is to make managerial recommendations designed to guide the future development of NB and PL in the soft drinks industry.

Methodology: Our dissertation is a qualitative study. We gathered the inputs of 10 experts working for both retailers and manufacturer goods companies evolving in the French soft drinks industry. Our interviews were analysed through the content analysis method.

Findings: Most PL brands follow a cost-leadership strategy and have an aggressive competition style. They merely imitate NB products and position their products at a lower price to attract the consumers. In contrast, NB differentiate their offer through innovation, quality improvements and, most importantly, advertising in order to create an emotional link with their consumers. Nevertheless, market trends and new consumers' needs are encouraging PL brands to premiumize, forcing them to innovate and improve the quality of their products. Despite those efforts, PL brands are not considered as a threat by market leaders. We argue that PL brands need to invest more in advertising in order to build an identity, trust and create a link with their consumers.

JEL classifications: Business Administration – Marketing and Advertising

Keywords: Business Administration – Marketing – Brand – Marketing strategy

Objetivo: A nossa dissertação visa compreender como a dinâmica competitiva influencia o desempenho das Marcas Próprias (“*Private Labels*”) e Marcas Nacionais (“*National Brands*”) na indústria francesa de refrigerantes. Procuramos entender como as Marcas Próprias e as Marcas Nacionais constroem a sua vantagem competitiva no mercado e como eles competem entre si. Por fim, o nosso objetivo é fazer recomendações para a gestão destinadas a orientar o desenvolvimento futuro das Marcas Nacionais e Marcas Próprias na indústria de refrigerantes.

Metodologia: A nossa dissertação consiste num estudo qualitativo. Reunimos os contributos de 10 especialistas que trabalham tanto para retalhistas quanto para fabricantes de bens de consumo que estão a evoluir na indústria francesa de refrigerantes. As nossas entrevistas foram analisadas através do método de análise de conteúdo.

Resultados: A maioria das Marcas Próprias segue uma estratégia de liderança pelos custos e tem um estilo de competição agressivo. Simplesmente imitam produtos das Marcas Nacionais e posicionam os seus produtos a um preço menor para atrair os consumidores. Em contraste, as Marcas Nacionais diferenciam a sua oferta por meio de inovação, melhorias de qualidade e, o mais importante, publicidade, com vista a criar um vínculo emocional com os seus consumidores. No entanto, as tendências do mercado e as novas necessidades dos consumidores estão a incentivar as Marcas Próprias a tornarem-se “*premium*”, forçando-as a inovar e melhorar a qualidade dos seus produtos. Apesar desses esforços, as Marcas Próprias não são consideradas uma ameaça pelos líderes de mercado. Argumentamos que as Marcas Próprias precisam de investir mais em publicidade para construir uma identidade, confiança e criar uma ligação com os seus consumidores.

Classificações JEL: Gestão de Empresas - Marketing e Publicidade

Palavras-chave: Gestão de Empresas - Marketing - Marca - Estratégia de marketing

Acknowledgements

First, I would like to thank my tutors who have guided me through the writing of the dissertation. Your patience, expertise and availability were key to answer my doubts and complete the project.

Then, I wish to thank the experts I interviewed for taking the time to answer my questions. Their insights and inputs were absolutely necessary to complete this dissertation.

Lastly, I wish to support my friends and family who supported me throughout this project.

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Glossary

- PL: Private Labels
- NB: National Brands (also known as Manufacturer Brands (MB))
- FMCG: Fast-Moving Consumer Goods
- RBV : Resource-Based View
- DC: Dynamic Capabilities
- ABT: Action-Based Theory

Chapter 1: Introduction

Private Labels are owned by the retailers as opposed to National Brands (NB). The market share of Private Labels (PL), or store brands, has significantly increased in the recent years. In mature countries, such as in the USA and in Europe, PL have particularly developed and they have become strong competitors to NB. According to Nielsen's latest report on PL, their presence is even greater in Europe with a market share topping at 28% in Spain and the UK, all industries considered (Nielsen, 2014).

Authors and market specialists concur to state that one of the main reason explaining the rise of PL is their premiumization (Quelch and Harding, 1996; Hoch, 1996; Verhoef *et al.* 2002; Kumar, 2007). In Europe, PL have significantly increased their investments in the brand and have put a focus on quality improvement and innovation (Nielsen, 2014). Such moves have modified the perceptions of consumers. According to Nielsen Global Survey of Private Labels (2014), 60% of the French interviewees believed that PL were as good as NB and 70% considered PL as offering “*extremely good value for money*” (Nielsen, 2014: 16). Indeed, authors highlight that, although imitation is still high, PL are no longer simple copycats or me-too products (Quelch and Harding, 1996; Hoch, 1996; Verhoef *et al.* 2002; Kumar, 2007). In their study, Abril and Martos-Partal (2013) show that PL can also introduce new products and those innovation have improved consumers' perception of their products. Additionally, the authors reveal that PL brands are particularly agile, thus enabling them to respond faster to NB moves.

The specific case of the competition between PL and NB is particularly interesting from a strategic point of view. First, it raises interrogations around the sustainability of a competitive advantage. Indeed, in dynamic environments such as the soft drinks industries, sustaining a competitive advantage is becoming harder. Going further, literature highlights that the rise and fall of brands is the result of a succession of actions and reactions in the industry, namely the competitive dynamics of an industry (Grimm *et al.*, 2006). In that context, literature suggests that firm's ability to perform better than competition does not only depend on their resources and capabilities but also on their ability to adapt their actions to market trends and competition's moves. Therefore, such actions and reactions are particularly interesting for understanding the performance of firms in an industry from a strategic viewpoint. Our literature review reveals that firms have different choices. They can adopt a wait and see attitude and choose to do nothing. Then, firms can choose to change their tactics activating marketing levers such as price, promotion, innovation, quality improvements and advertising. Lastly, brands can change their strategies choosing to follow a low-cost strategy, further differentiate their products or adopt a hybrid strategy.

In that context, we have decided to study the competition between PL and NB in the soft drinks industry in France through the lens of competitive dynamics. Despite the market share of PL in this market, we have not found any articles focusing specifically on this industry. Indeed, authors (Hoch, 1996; Verhoef *et al.*, 2002; Kumar, 2007; Steenkamp *et al.*, 2010,) have rather done multi-industry analysis in order to make generalized conclusion on PL and NB competition. In that context, we have performed a qualitative study and we have conducted interviews with experts of the industry in order to better understand the competition moves between PL and NB. The objective of our study is to answer the following research question: How do competitive dynamics influence the performance of NB and PL brands within the soft drinks industry? Moreover, we have identified several sub-questions: how do PL and NB build their competitive advantage? How do NB and PL act and react in order to survive in the soft drinks industry? How can PL and NB further develop in the soft drinks industry?

Considering the French soft drinks industry, our study reveals that the market is characterized by a premiumization of the offer as consumers are extensively looking for premium, natural and healthy products. Additionally, brands are quite powerful in the soft drinks industry as they constitute the main criteria of choice during the buying process. Then, actions and reactions, namely the competitive dynamics highly influence the superior performance of firms within an industry. Our study reveals that PL are not considered as serious competitors by NB players. NB actively seek to differentiate through innovation, their product quality and advertising.

Innovation and investing in the brands were identified as key levers of growth in the soft drink industry in France. In contrast, PL brands mostly follow a low-cost strategy. They mostly imitate NB products and they manage to offer cheaper alternatives thanks to cost economies, especially in marketing. Nevertheless, our study reveals that PL brands positioning is shifting. The premiumization tendency of the market has encouraged PL brands to increase their investments in innovation and quality improvements. Nevertheless, our study highlights that PL brands' main challenge is to build an identity and trust with consumers in order to be considered as a bigger threat by NB. This shift will require more investments in marketing, especially in advertising so that PL brands can build a name for themselves. Therefore, the development of PL brands will strongly depend on the retailers' strategy.

First, our literature review will provide us with academic knowledge on how firm build their competitive advantage and how they can act and react within an industry. Then, we will proceed to the results of our study. Lastly, we will share our managerial recommendations for both PL and NB.

Chapter 2: Literature review

1.1 How do firms build their competitive advantage?

1.1.1 The resource-based view: Competing on resources

The resources-based view (RBV) is a theoretical framework that posits that firms can create a sustainable competitive advantage by enforcing strategies that exploit their resources and capabilities (Wernerfelt, 1984; Barney, 1991; Teece et al., 1997). This stream of research considers resources and capabilities as strengths that firms use in order to exploit external opportunities and defend themselves from threats (Barney, 1991). In that context, a firm can build a competitive advantage when its strategy delivers superior results *vis a vis* its rivals. In contrast, a sustainable competitive advantage persists over time and implies that competitors are unable to duplicate the strategy enforced by a focal firm (Barney, 1991; Barney, 1995; Collis and Montgomery, 2008; Barney, 2010).

According to Barney (1991: 101), “*firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm*”. These resources can be classified as tangibles assets and intangible assets (Barney, 1991; Barney, 1995; Barney, 2010; Grimm *et al.*, 2006). Tangible resources are constituted of financial resources (money, profits that a firm earned and reinvest, for example), and physical resources (plant, equipment, raw materials). In contrast, intangibles do not have a physical characteristic. They are composed of technological resources (patents, trademarks or trade secrets), reputation, human resources (education level, training, knowledge, skills) and organization resources (routines, reporting processes, control processes, culture, and informal relations between employees). In contrast, capabilities are “*a subset of a firm’s resources and can be defined as tangible and intangible assets that enable the firm to exploit the resources it controls*” (Hesterly and Barney, 2010: 66). According to the RBV, firms’ strategies are based on their resources and capabilities

Moreover, RBV theorists believe that valuable, rare and imperfectly imitable resources and capabilities are likely to create a sustainable competitive advantage (Barney, 1991; Barney, 1995; Grimm *et al.*, 2006; Collis and Montgomery, 2008). These authors have created the VRIO framework (Valuable, Rare, Imperfect Imitation, and Organization) in order to assess the resources and capabilities’ potential for superior performance. A resource is valuable when it enables the firm to seize an opportunity in the industry or to protect itself from its competitors (Barney, 1991). In today’s fast-paced environment, changes occur constantly as new

technological improvements are introduced or new customer tastes emerge. Therefore, the value of a firm's resources and capabilities evolve over time (Barney, 1991). Moreover, firms must exploit rare resources and capabilities in order to obtain a sustainable competitive advantage (Barney, 1991; Barney, 1995; Collis and Montgomery, 2008; Hesterly and Barney, 2010). Nevertheless, this does not mean that valuable but common resources are not useful. Indeed, such resources are necessary for firm's survival and generate a competitive parity (Barney, 1991). To finish, resources and capabilities that competitors can either duplicate or imitate cannot generate a sustainable competitive advantage. Indeed, if competitors can easily copy a focal firm's resources, then the latter possess a temporary competitive advantage. As we will see later, today's environment is quite dynamic and firms constantly copy each other in search for best practices and in that context, imperfect imitation is especially important. Imitation depends on several factors, namely history, causal ambiguity and social connections (Barney, 1991, 1995; Collis and Montgomery, 2008; Hesterly and Barney, 2010). First, authors believe that a firm's actual performance is shaped by the decisions it has made in the past, thus hindering imitation attempts by competitors (Barney, 1991, 1995; Collis and Montgomery, 2008; Eisenhardt and Martin, 2000; Grimm *et al.*, 2006). For example, Coca Cola's brand reputation is an intangible assets that results from many investments in advertising campaigns in the past. Also, authors consider causal ambiguity as a barrier to imitation (Barney, 1991, 1995; Hesterly and Barney, 2010). In his study, Reed and DeFillippi (1990) affirmed that causal ambiguity makes it more difficult for competitors to understand how a focal firm build its competitive advantage. This is especially true for resources and capabilities which are knowledge-based or that result from learning processes or experience. Additionally, resources that involves social interconnections, such as culture or reputation are difficult to imitate (Barney, 1991, 1995; Hesterly and Barney, 2010). Lastly, the "O" of the VRIO framework refers to organization, meaning that the firm's organizational structure (reporting processes, control procedures, compensation, etc) have to support the exploitation of valuable, rare and imperfectly imitable resources.

In conclusion, from the RBV perspective, firm's superior performance is dependent on what a firm possesses, in other words its resources and capabilities. Resources and capabilities can create a sustainable competitive advantage provided they are valuable, rare, and imperfectly imitable and if the firm's organization support them. This assessment must be effectuated through a comparison of the value chain of a focal firm and its competitors (Grimm *et al.*, 2006; Hesterly and Barney, 2010).

Nevertheless, the RBV stream of research has limitations. First, some authors believe that the RBV does not provide sufficient explanation on how sustainable competitive advantage are created (Teece *et al.*, 1997; Priem and Butler, 2001). Indeed, as we have seen, the RBV explains what the firms needs to possess for superior performance, namely VRIO resources and capabilities, but it does not explain how such resources create a sustainable competitive advantage. Additionally, this theory relies mainly on what the firms possess. In other words, superior performance results from the possessions of unique resources that provides the focal firm with a privileged position vis a vis its competitors. That way, it provides an overly static view of the firm and its environment (Teece *et al.*, 1997; Grimm *et al.*, 2006; D'Aveni *et al.*, 2010; Madhok and Marques, 2014). Industries today are constantly changing through technological improvements or evolving customer tastes. Moreover, changes are introduced by the companies themselves, through their competitive moves. Indeed, the industries are shaped with firms' actions and reactions in their search to stay ahead of competition (Porter, 1980; Chen *et al.*, 1992, Grimm, 2006; Barney, 2010; D'Aveni *et al.*, 2010; Madhok and Marques, 2014). Therefore, a firm with a superior resources is likely to be challenged by its relative competitors, through imitation for example. Given that perspective, the possibility of obtaining a sustainable competitive advantage seems very unlikely. In that context, contrarily to RBV theorists, some authors believe that firms are more likely to obtain a temporary competitive advantage instead of a sustainable competitive advantage (D'Aveni *et al.*, 2010). These limitations have led to the emergence of the dynamic capabilities theory, an extension of the RBV, which argues that firms' competitive advantage depends more on their ability to constantly create and reconfigure their resources in order to adapt to their environment (Teece *et al.*, 1997).

1.1.2 Dynamic capabilities: Competing on capabilities

Authors have acknowledged that firms evolve in constantly changing environments in which competitive advantages are likely to be temporary. The dynamic capabilities (DC) theory is another stream of study that explains how firms can build their competitive advantage in such dynamic environments (Teece *et al.*, 1997; Eisenhardt and Martin, 2000; Winter, 2003; Teece, *et al.*, 1997).

According to Teece *et al.* (1997: 516), "*firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments*". Eisenhardt and Martin (2000: 1107) have defined DC as "*the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die*".

Those routines and processes can be identified, especially in product development activities, strategic decision making or alliancing (Eisenhardt and Martin, 2000). As the previous definitions suggest, DC can be applied in several ways for integrating, reconfiguring or creating resources (Teece *et al.*, 1997; Eisenhardt and Martin, 2000; Teece, *et al.*, 1997). First, DC can integrate resources. For example, strategic decisions are made through several routines in which managers share their knowledge and expertise in order to take decisions. The creation of new product imply, for example, sessions of brainstorming with managers from different teams in order to address specific matters, as suggested by Eisenhardt and Martin (2000). Second, DC can reconfigure already existent resources, especially knowledge through transfer processes. Third, DC can create new resources. In some cases, managers from different teams create routines and share their skills, experience and expertise in order to create new knowledge, new practices inside the firm. In conclusion, firms' resources and capabilities are not sufficient to create a competitive advantage. In contrast to the RBV, DC theory believe that firms obtain a competitive advantage by their ability to create and reconfigure their resources in order to adapt to environmental changes.

Moreover, the reasons explaining that DC can create a competitive advantage result on the way they are built. First, authors have demonstrated that DC are built through processes which depend on the firm's current assets possession and past decisions. (Teece *et al.*, 1997; Eisenhardt and Martin, 2000; Teece, *et al.*, 1997). Indeed, Teece *et al.* (1997: 518) have argued that DC result from the application of "*organizational and managerial processes*". In a later study, Teece *et al.* (1997) highlighted that DC were built through the capacity of top manager to spot opportunities and reconfigure the business activities in order to exploit them. Additionally, DC are acquired and evolve thanks to learning processes (Teece *et al.*, 1997). This is consistent with Eisenhardt and Martin (2000) who posit that DC are acquired through practice, past experiences and mistakes and can be transmitted through codification. Then, the processes and routines which constitute the DC are dependent on the firm's intangible and tangible assets, in other words, its resources as defined by the RBV (Teece *et al.*, 1997; Winter, 2003). Finally, authors have stated that DC are path dependent and result from the past decision of the firm (Teece *et al.*, 1997; Eisenhardt and Martin, 2000; Winter, 2003). This review of the creation of DC suggests that, in some way, DC are likely to be unique in each firm. Indeed, authors have defined DC as idiosyncratic processes particular to the firm (Teece *et al.*, 1997). Nevertheless, authors have also asserted that DC share commonalities, underlying the presence of best practices in the application of the routines and processes (Teece *et al.*, 1997; Eisenhardt

and Martin, 2000). In conclusion, DC are interesting assets whose value is created inside the firm and by the firm itself. DC imply that firms embrace change and have the capacity to reconfigure the resources (Teece *et al.*, 1997). This stresses two important factors. First, firms continuously have to analyse the market in search for best practices from competitors and new opportunities to exploit. Second, firms increasingly need to be agile in order to adapt to their environments. This is consistent with Madhok and Marques (2014) which highlight that agility enhances performance.

In that context, authors argue that DC can create a temporary competitive advantage because they are likely to be valuable, rare but perfectly imitable and substitutable (Teece *et al.*, 1997; Eisenhardt and Martin, 2000; Winter, 2003). Indeed, DC enable the firm to reconfigure its bundle of resources in order to better adapt to its environment. RBV authors compared valuable resources as strengths that enable the firm to exploit opportunities and prevent threats (Barney, 1991). Therefore, DC are valuable. Dynamic environments are constantly changing because of technological improvements or new customer tastes (Grimm, *et al.*, 2006, D'Aveni *et al.*, 2010). In that context, we suppose that DC such as new product development is correlated with higher performance, as it will help the firm to respond to a new demand. Therefore, the DC theory completes the RBV framework and provides a less passive view of the firm where managers play an important role in spotting opportunities and organizing the activity of the firm in order to exploit them. This is consistent with Teece *et al.* (1997) who argue that DC are about reconfiguring resources in order to exploit opportunities in the market. In conclusion, DC's theory is more entrepreneurial and highlights that firms need to embrace change in order to survive in the industry. Moreover, authors posit that DC are rare, in some way, because they are built inside the firm and are not likely to be acquired externally. As we have seen, DC are created through organizational, managerial processes and depend on the firm's assets and history (Teece *et al.*, 1997). This highlights that causal ambiguity is an important characteristic of DC, especially because DC are related to knowledge creation and rely on complex processes. As a result, DC are quite difficult to analyse because their complexity often impedes managers to explain why their firm perform better (Reed and DeFillippi, 1990; Eisenhardt and Martin, 2000). In other words, DC seem to be unique in their details in each firm. Nevertheless, DC authors believe that DC are perfectly imitable. Indeed, authors have argued that DC have commonalities which suggest the existence of best practice. (Eisenhardt and Martin, 2000). Moreover, DC are path dependent as they rely on the history of the firm. Therefore, this reveals that, although DC are unique in their details, there are many ways to obtain them. According to

Eisenhardt and Martin (2000: 1110), “*there are multiple paths (equifinality) to the same dynamic capabilities*”. In the case of new product development, Eisenhardt and Martin (2000) have demonstrated that organizing meetings with managers from different teams was effective for product development purposes. Managers could share their knowledge and skills, thus creating new approaches to solve specific problems, for example. Therefore, DC in themselves can lead to a temporary competitive advantage.

In conclusion, DC theory posits that DC are a source of temporary competitive advantage as they enable the firm to create and reconfigure their resources in order to adapt to the environment. That way, it completes the RBV framework and provides a less static vision of the firm. Indeed, top manager are responsible for spotting opportunities in the market and organizing the activity of the firm in order to best exploit them. Therefore, it stresses that firms that can adapt quickly to those changes have more probability to survive. Moreover, as competitive advantages are only temporary, this highlights that the faster firms adapt to their environment, the more likely they are to build a competitive advantage (Eisenhardt and Martin, 2000). Although it completes the RBV framework, this stream of study has limitations. Indeed, it still relies strongly on firm’s possessions of capabilities and valuable assets and does not take into account the action and reaction moves of the firms characterizing the competition in an industry (Grimm *et al.*, 2006; D’Aveni *et al.*, 2010; Madhok and Marques, 2014). Indeed, firms are constantly reacting to one another’s moves in order to stay ahead of the competition (Porter, 1985; Chen and Macmillan, 1992; Chen *et al.*, 1992; Chen and Miller, 1994). These interactions constitute the competitive dynamics of an industry (Porter, 1985; Barney, 1991; Grimm *et al.*, 2006). Therefore, these scholars have suggested that obtaining a competitive advantage is likely to depend on a focal firm’s actions as well as on the responses of its relative competitors, thus highlighting the importance to analyse such competitive dynamics.

1.1.3 The Action-based View: Competing on actions

Firms are currently evolving in highly dynamic environments in which changes constantly occur. These changes can consist of technological changes or new customers’ tastes and they disrupt the stability of environments (Grimm *et al.*, 2006). Moreover, firms actively participate in those changes as they constantly act and react to competitors’ moves in order to stay ahead of competition and survive (Porter, 1985; Chen and Macmillan 1992). In that context, authors have highlighted a new approach of strategy, namely the action-based theory, which focuses on

studying the actions and reactions of firms in order to explain superior performance (Grimm *et al.*, 2006). Such interactions are named the competitive dynamics of an industry (Barney, 1991). They believe that firms' competitive advantage is dependent on their interactions with their relative competitors in the industry (D'aveni *et al.*, 2010; Madhok and Marques, 2014). This suggests several conclusions. First, resources and capabilities are not sufficient to build a temporary competitive advantage. Then, the competitive dynamics in the industry impact the performance of the firms. Therefore, it is necessary to analyse such interactions in order to explain how firms can build superior performance

The action-based theory (ABT) posits that, in dynamic environments, a focal firm's performance depends strongly on the actions it undertakes and the response of its relative competitors (Grimm *et al.*, 2006; Chen and Macmillan 1992; Chen *et al.*, 1992; D'Aveni *et al.*, 2010; Madhok and Marques, 2014). An action is a "*specific and detectable competitive move, such as a new product introduction, initiated by a firm to improve or defend its relative competitive position*". (Chen *et al.*, 1992: 440). Given this definition, a new product introduction, marketing campaigns, price cuts or the implementation of a new strategy can be considered as an action undertaken by firms to increase or defend their position in the market. A response is an "*observed and discerned counteraction taken by a competing firm to defend or improve its relative position*" (Chen *et al.*, 1992; 440). Then, market leaders take actions in an attempt to preserve their market share and challengers respond to those actions in order to reduce the gap created by the market leader's action. The firms that cannot respond will eventually lose market share and disappear. That way, firms must constantly act and react to competitors' moves in order to survive and preserve their position in the market (Chen and Macmillan, 1992; Chen and Hambrick, 1995; Ferrier *et al.*, 1999; D'Aveni *et al.*, 2000; Grimm *et al.*, 2006). In that context, firms can build a temporary advantage thanks to their actions (Grimm *et al.*, 2006; Madhok and Marques, 2014) Therefore, the ABT underlies the need to analyse the competitive dynamics of an industry in order to explain why some firms perform better than others.

The study of competitive dynamics is interesting because they explain how firms can compete in today's constantly changing environments (D'Aveni *et al.*, 2010). First, contrarily to previous streams of research, the ABT does not give a static view of the firm or its environment. Indeed, the ABT is based on entrepreneurial actions, disequilibrium and on strategizing (Ferrier *et al.*, 1999; D'Aveni *et al.*, 2000; Grimm *et al.*, 2006). Indeed, this disequilibrium is enforced by the constant moves of the firm which disrupt the industry (Grimm *et al.*, 2006). According

to Grimm *et al.* (2006), the state of disequilibrium creates opportunities within an industry. Managers must identify those opportunities and take the necessary actions in order to exploit them. The action undertaken by the firm disrupts the industry as it challenges the status quo (Ferrier *et al.*, 1999; D'Aveni *et al.*, 2000; Grimm *et al.*, 2006). Competitors are likely to react and will, in turn, generate changes in the industry. As a result, as opposed to the RBV theorists, the ABT posits that in dynamic environments, firms can only possess a temporary competitive advantage (Ferrier *et al.*, 1999, D'Aveni *et al.*, 2000, Grimm *et al.*, 2006, Madhok and Marques, 2014).

Moreover, another limitation of both the RBV and dynamics capabilities is that those theories rely only on firms' resources and relative position within the market. The RBV posits that as long as firms possess a valuable, rare, non-imitable and non-substitutable advantage, they will maintain a superior performance in the market. Although less static, the dynamic capabilities theory states that firms will maintain a superior performance if they are able to reconfigure their resources in order to adapt to market changes. In contrast, the ABT does not consider that such privileged positions or superior resources are enough to build a competitive advantage (Madhok and Marques, 2014). The ABT suggest that firms' superior performance depends on their actions and reactions. In that context, we believe it is necessary to go further and analyse the actions characteristics in order to understand how firms can build a competitive advantage.

Logically, authors suggest that avoiding retaliation is key to maintaining superior performance. Indeed, authors have shown a positive correlation between firm's market share and their capacity to hinder or delay competitive response. (Porter, 1985; Chen and Macmillan 1992; Chen *et al.*, 1992; Chen and Miller, 1994). Several factors can impact the probability of retaliation. First, authors have proven that awareness strongly increases the chance of a response. That way, managers should take moves that are difficult to spot by competitors (Chen *et al.*, 1992; Chen and Miller, 1994). Moreover, Chen and Macmillan (1992) found that the number of competitors affected by an action and the action intensity level were two determinants to evaluate retaliation probability. Indeed, through their analysis of the aviation industry, they have found that actions affecting a large number of competitors were more likely to generate a response. An additional finding showed that actions seeking to generate a strong impact on the competitors were more likely to generate a response. Scholars believe that such significant actions are likely to increase the number of reactions and decrease the delay of response from competitors because they will seek to protect their reputation and defend themselves (Porter, 1985; Chen and Macmillan, 1992; Chen *et al.*, 1992). This is consistent with

a later study from Chen and Miller (1994) who suggested that subtle attacks were more likely to decrease the chance of retaliation. In other words, retaliation can be avoided when the actions are difficult to spot, difficult to implement and represent a low level of threat for the competitors. (Chen and Macmillan, 1992; Chen *et al.*, 1992; Chen and Miller, 1994).

Going further, the authors suggested that the probability of retaliation decreased with the level of difficulty to implement the actions (Chen and Macmillan, 1992; Chen *et al.* 1992; Chen and Miller, 1994; Grimm *et al.*, 2006). From this perspective, we clearly see a link between the RBV and DC theories and the ABT. Indeed, the actions a firm is able to undertake depends on its resources and capabilities. In that context, authors suggest that the scale and the impact of an action will be strongly dependent on the resource position of the firm (Grimm *et al.*, 2006). These authors suggest that market leaders will act or react strongly in order to attack followers or defend themselves if they feel threatened. Such firms can invest in massive marketing campaigns or attack the market with ongoing product introductions for example. The scale of such actions requires an important amount of resources that smaller firms are unlikely to possess and therefore, it reduces the chances of retaliation. Additionally, authors suggest that strategic actions are more difficult to implement than tactical actions (Chen *et al.*, 1992). Indeed, strategic actions are more complex to implement because they require a larger combination of resources and capabilities. This is consistent with several studies (Chen and Macmillan, 1992; Chen and Miller, 1994) which found that tactical actions, such as price cuts for example, were spotted more easily and were not difficult to imitate. As a result, such actions generated more immediate and generalized reactions from the competitors. Lastly, strategic actions imply a higher degree of uncertainty and require more time before the results start to show which can discourage risk-averse competitors (Chen *et al.*, 1992). In conclusion, an action will deter retaliation if it is difficult to implement by competitors. That way, firms that wish to implement large scale actions with a high level of threat should make sure their competitors will not be able to react easily. Otherwise, they will maximize the chance for retaliation and even risk rivalry escalation (Chen *et al.*, 1992 ; D'Aveni *et al.*, 2010). In that context, firms should avoid price cuts as competitors will feel threatened and can replicate quickly (Chen and Macmillan, 1992).

Additionally, speed and timing are also correlated with superior performance (Chen *et al.*, 1992). In their study of the aviation industry, Chen and Macmillan (1992) have found that first movers and action initiators had the higher market share increase. Moreover, the same study suggests that early responders have higher market share increase than slow-responders and in

the end, non-responders did not benefit from market share increase. This is consistent with Madhok and Marques (2014) who state that the best performing firms are the ones that can spot new opportunities, react quickly and deliver the expected value before others. Madhok and Marques (2014) suggest that resources and capabilities are not determinant to build a competitive advantage. In contrast, firms can generate a competitive advantage through agility, speed of action and entrepreneurial thinking. Interestingly, those factors seem to favor smaller firms which benefit from higher flexibility and agility and therefore, are able to respond faster (Madhok and Marques, 2014). This is supported with another study that showed that large firms generally announce quickly their reactions but take more time to act because of their size, longer processes and bureaucracy (Chen *et al.*, 1992). Therefore, in dynamic environments, authors seems to agree that firms can obtain a competitive advantage by embracing change and adapting faster to their environments than their competitors.

In conclusion, this first part has revealed a shift of focus from sustainable competitive advantage to temporary competitive advantage in dynamic environments. Indeed, industries are constantly changing, through the emergence of new customer tastes, technological changes and even political changes. Companies also generate change as they act and react to competitors' moves in order to stay ahead of competition. Therefore, it seems that superior performance is only temporary and depends strongly on the competitive dynamics in the industry. Resources and capabilities are important because they are assets that firms use to take actions and/or react to competitors' moves. Nevertheless, they are not sufficient to build a competitive advantage. Indeed, a focal firm's performance also depends on competitor's responses. That way, firms should favour actions that minimize the chance of retaliation or delay responses. Additionally, superior performance also relies on the firm's ability to spot opportunities in the industry, embrace change and adapt its business activity in order to deliver the expected value faster than the competition. In that context, agility and fast-execution are two characteristics which favour superior performance in today's fast-paced environments.

In a second part, we will further analyse the competitive dynamics in the industry in order to understand the possible actions and reactions firm can undertake in order to compete against competitors.

1.2 Competitive dynamics of an industry

As we have seen, firms can obtain a competitive advantage through their actions and reactions to competitors' moves. As firms' performance depends on the competitive interactions in the

industry then it is important to analyse the different moves a firm can undertake within an industry. In this second part, we will try to focus more directly on the competitive dynamics and their impact on performance through the analysis of the strategies and tactics that companies can implement.

1.2.1 Doing nothing

In his study, Hoch (1996) specifically studies the strategies that NB can implement in order to compete against PL in general. According to the study, one possible strategy for NB is to wait and do nothing. Indeed, the author suggest that, in some cases, taking actions against PL would require strong investments and represent a significant risk increase. The author highlights that this is especially true in the case of new product development. In some cases, it is preferable to wait for the competitors to launch a new product in order to let them take the risk first and test the market (Hoch, 1996).

Moreover, we have seen that a firm's action is dependent on its resources. As a result, some firms might be forced to wait and do nothing because they do not have the necessary resources to respond. (Chen *et al*, 1992; Barney, 1991; Grimm *et al*, 2006). In his study, Grimm *et al*. (2006) suggest that firms with an advantageous resources positions, generally big groups, have the resources and capacity to implement impactful actions such as massive advertising campaigns, price cuts or constant flow of innovations. Such actions can hardly be responded to by smaller players in the industry as they will not have the necessary resources to follow the leaders. In that context, companies can only wait and do nothing. Additionally, Chen *et al*. (1992) suggest that some actions are particularly difficult to respond to as they use a complex mix of resources and capabilities, thus creating causal ambiguity and lowering the chance of imitation by competitors. As a result, firms can be forced to wait if they cannot find the right combination of resources in order to imitate the competitors.

Finally, firms can choose to wait and do nothing in order to avoid increasing the level of rivalry within the industry (Grimm *et al*, 2006; Hesterly and Barney, 2010). In many industries, the level of rivalry intensifies given the fact that companies constantly act and react to competitive moves in order to increase their sales and preserve their market share (D'Aveni, *et al*, 2010). In that context, firms can choose to be more transparent regarding their strategies and increase the level of communication with competitors. In that context, this strategy is called tacit cooperation (Grimm *et al*., 2006; Hesterly and Barney, 2010). Such strategy can improve the level of trust between competitors and therefore reduce the level of competition. In industries

with a high level of rivalry, firms generally conclude that such level of competition is no longer profitable. This is especially true in industries dictated by price wars where each competitor end up cutting its profit margin in order to offer its products at a lower price than competition. As a result, firms can choose to increase transparency, communication and reduce the intensity of their actions in order to decrease the level of rivalry.

Nevertheless, some authors have shown that not having a clear strategy in order to defend from competition is quite risky (Porter, 1985). Moreover, in their analysis of the competition between NB and PL, Verhoef *et al.* (2002) reveal that firms that chose not to react to competitors' moves had the worst performance results. On the contrary, firms choosing to invest more on innovation, quality and brand advertising had the best performance result. Therefore, we will next focus on the analysing the tactics that companies can implement in order to react to competitors moves.

1.2.2 Changing tactics

According to Hesterly and Barney (2010: 89), *tactics are the specific actions a firm take to implement strategies*". These tactical moves often relate to changes in price, promotion, products characteristics, such as its size, colour or shape, price and marketing and sales actions which we will analyse. Hoch (1996) has created a framework aiming at studying the possible reactions of NB in order to compete against PL. According to him, tactics can be divided in two groups. First, managers can choose to cut prices or resort to repeated promotion campaigns and this implies reducing the distance with private labels. Second managers can choose to further differentiate their products and rather innovate, improve quality or invest in the brand through advertising.

1.2.2.1 Cutting price

First, a move that firms can implement is changing their price. The first objective of price cuts would be to win consumers from competition. Indeed, studying the competition between NB and PL, some authors suggest that NB can resort to price cuts in order to reduce the price gap between their brands and the PL brands (Hoch, 1996; Verhoef *et al.*, 2002; Kumar, 2007). The objective of such price cuts is to reap consumers from competitors. Authors have suggested that cutting the price could help NB conquer new consumers, especially price conscious consumers (Kumar, 2007). Indeed, Hoch (1996) and Kumar (2007) suggest that NB can lower their price in order to reduce the distance with PL and increase their chance to be compared

with PL in the store. These authors have studied that, in this case, a comparable price will enhance price-conscious consumers to choose NB over PL brands

The second objective of price cuts is to reduce the number of competitors in the industry (Grimm *et al.*, 2006). Indeed, we logically imagine that companies can only reduce their prices to a certain extent. The limit depends on their cost structure (Grimm *et al.*, 2006; Hesterly and Barney, 2010). Indeed, in order to respond to a price cut, competitors have to reduce their margins and therefore, their profitability. That way, the price cut move seeks to lower the profitability of the competitor's business until the latter can no longer reduce its prices without starting losing money. Generally, such price moves generate a response because they are perceived as threatening and can be easily imitated (Chen *et al.*, 1992). Indeed, if a competitor refuses or cannot respond, its consumers are likely to choose the products of the cheaper company. Moreover, we have seen previously that actions which generate a high level of threat maximize the chance of retaliation. Lastly, price cuts can aim to deter the entrance of new competitors (Gimm *et al.*, 2006). Indeed, price cuts reduce the attractiveness of the industry as they force companies to reduce their margins.

Nevertheless, these tactics have many limitations. First of all, the main problem of price cuts is that they often generate quick retaliation from competitors (Chen and Macmillan, 1992; Chen *et al.*, 1992, Hoch, 1996; Kumar, 2007). In their study of the aviation industry, authors have shown that actions which threaten a large number of consumers, represent a high level of threat or can be easily spotted have more chance to generate retaliation (Chen and Macmillan (1992; Chen *et al.*, 1992; Chen and Miller, 1994). This is consistent with Grimm *et al.* (2006) which suggest that firm should avoid price cuts as they often generate price wars and escalation of competition. These price wars should be avoided because they reduce the profitability for all players by obligating them to cut their margins (Boulding *et al.*, 1994; Olbrich *et al.*, 2017).

Moreover, price cuts can also hurt the brand image. Indeed, consumers often relate price to quality and therefore, reducing the price can modify the consumer's perception about the products. Some authors suggest that firms should rather increase the price gap with lower-priced competitors in order to better differentiate their products in the mind of consumers (Stenkamp *et al.*, 2010; Gielens, 2012). Nevertheless, in the FMCG industry, some authors suggest that price cuts might be a good tactic for very functional products such as cleaning products (Sethuraman and Cole, 1999).

Additionally, authors suggest that price reductions make the consumer more price sensitive (Boulding *et al.*, 1994; Hoch, 1996; Verhoef *et al.*, 2002; Kumar, 2007). Indeed, these authors suggest that the consumers might get used to having low prices. That way, when the prices get back to their normal level, consumers might switch to cheaper products from low-cost competitors.

In conclusion, firms can reduce their price in order to reap consumers from competition. Nevertheless, such tactics are considered as provocative and are easily imitable by competitors. Therefore, they generally lead to price wars, resulting in lower profitability for all the players.

1.2.2.2 Promotion

Promotion is another tactic that firms can use in order to defend themselves from competition. Promotions imply that the shoppers will be able to buy products at a reduced price. Manufacturers can reduce the prices of their products during a limited period of time or choose to offer a larger quantity of product without increasing the prices. Promotions are motivated by several objectives. The first one is obviously to increase sales and market share. In this study, Olbrich *et al.* (2017), investigate the impact of price, promotions and quality on the market share of food manufacturers brands. The authors have found that promotions were related to a higher market share for NB manufacturers. The reasons for an increase of market share is that promotions attract shoppers in the retails, thus leading to an increase in consumption.

Promotion is also useful in order to win back consumers from competition (Abril and Sanchez, 2016; Olbrich, *et al.*, 2017). In their study, Abril and Sanchez (2016) study the drivers that manufacturer brands can enact in order to reap consumers from private labels. According to their study, consumers will chose NB products over PL products when they perceive they will get a higher value with NB products. These authors have found that promotion and new product introductions were the best tactics to implement in order to win back consumers form private labels. Promotion increase the value of the product because they enable the shopper to buy more for less. Those findings are consistent with Olbrich *et al.* (2017) who have found that promotion, and especially price promotion, increased the price competitiveness of NB products over PL products, thus leading to the preference of NB products over PL products. According to them, PL consumers are rather price conscious and, that way, they buy PL brands because they perceive that those brands have a better quality/price ratio.

Nevertheless, some authors have identified several drawbacks to promotion. First of all, authors believe that promotion, and especially monetary promotion increase consumer' price

sensitivity (Boulding *et al.*, 1994, Hoch 1996, Kumar, 2007, Steenkamp, *et al.*, 2010). That way, these authors have found that repeated promotions are risky because they incentive the consumers to buy NB products at a reduced price. That way, they believe that the consumers will pay more attention to the price and expect bigger discounts each time. Moreover, price sensitive consumers are less loyal and therefore, they will not hesitate to switch their preference to a lower-priced brand if they think the product will deliver the same value. (Hoch, 1996, Kumar, 2007, Steenkamp, *et al.*, 2010). Going further, authors believe that resorting too much to promotion reduces product differentiation (Steenkamp *et al.*, 2010). Indeed, the authors have found that price sensitive consumers focus only on the price and pay less attention to the product characteristics which could justify paying a price premium (Boulding *et al.*, 1994, Steenkamp, *et al.*, 2010).

Moreover, in their study on non-durable goods, Boulding *et al.* (1994) have found that promotion, and especially price promotion can hurt the brand image and, therefore reduce brand equity. Indeed, these authors have found that relying too much on price promotion conveys the message that the price is the only advantage offered by the product. Also, repeated promotion can suggest that the brands have difficulty selling their products, which reduce the attractiveness of the products for the shopper.

Moreover, authors have found that promotion can lead to an escalation of competition and to price war (Boulding *et al.*, 1994, Grimm *et al.*, 2006). Although Chen *et al.* (1992) suggest that promotions are more subtle than price cuts, they still represent a large threat for competitors given their potential for attracting consumers and increasing consumption. Moreover, promotion is quite easy to imitate by competition. In that context, authors have found that promotion generally increase the chances of retaliation with competitors implementing massive promotion campaigns in order to preserve their market share. Such market configurations are harmful because, as for price cuts, promotions obligate companies to cut in their margins in order to offer the expected discounts.

Lastly, literature indicates that managers should avoid repeated promotion as it can hurt the brand image and product differentiation potential, create more sensitive shoppers and hurt profitability. Nevertheless, we have found that promotion can be especially useful in support of other tactics such as new product introductions. Indeed, promotion is especially useful because it increases brand awareness and drives consumers in the shops (Steenkamp *et al.*, 2010). In that context, promotion can be a great incentive in order to convince the shopper to try new

products. This is especially true in the soft drinks industry where product introductions are generally supported with massive promotion campaigns aiming at creating awareness.

In conclusion, as argued by Hoch (1996), NB that chose to cut their prices or resort to repeated promotion campaigns reduce the distance between their products and PL brands. Nevertheless, authors have shown that NB rarely attack PL directly through price promotions or price cuts. Instead, studies have shown that NB rather work on increasing the distance with PL and for those reasons they rather focus on innovation or advertising (Hoch, 1996; Verhoef *et al.*, 2002).

1.2.2.3 Innovation and quality improvement

Authors have shown that price cuts or promotions were generally perceived as provocative and threatening by competitors, thus increasing the chance of retaliation (Chen and Macmillan, 1992; Chen *et al.*, 1992; Chen and Miller, 1994). Therefore, authors suggest that companies can rather choose to focus on innovation and quality improvement in order to differentiate from competitors.

According to several studies, the main benefit of innovation for brands is that it creates differentiation in the market (Hoch, 1996; Setharuman and Cole, 1999; Kumar, 2007, Steenkamp *et al.*, 2010; Gielens; 2012; Olbrich *et al.*, 2017). Innovation creates differentiation because it improves the value proposition and the quality of the products, thus providing a better experience for the consumer. Innovation can consist of new product introductions which stimulate the category and better answer consumers' needs. Moreover, innovation can also consists of process and packaging improvements, or a change in the recipe for example (Gielens, 2012).

Additionally, innovation and quality improvement seem to have a higher impact on market share than price cuts or promotion. Authors have proven that innovation is positively correlated with brand equity (Aaker, 1996). Brand equity is an asset as it increases the profitability of the brand. The advantages of brand equity consists of an improved brand loyalty and less price sensitivity. Additionally, such brands benefit from consumer preference and, therefore, they can charge a price premium and have a stronger position when negotiating with retailers (Aaker, 1996).

Studying the competition of NB and PL, authors explain that the premiumization of PL brands is one of the main reason explaining their rise in most developed countries (Kumar, 2007; Steiner, 2004; Olbrich *et al.*, 2017). According to Kumar (2007), PL are still imitating NB but the author also stresses that the quality of PL have consistently improved and can now equal

NB products. As a matter of fact, objective product tastings often show that consumers are not able to make a difference between NB products and PL products (Steenkamp, *et al.*, 2010). Olbrich *et al.* (2017) argue that the main competitive advantage of PL is their ability to offer qualitative products at a lower price than most NB products. In that context, consumers' perception of PL is constantly improving (Abril and Sanchez, 2016). Moreover, consumers are more informed and they have become aware that, in most cases, PL are produced by the same manufacturers who happen to also produce their favorite national brands. In that context, authors stress the importance of differentiation for NB in order to compete against PL brands. In that context, academics posit that innovation and quality improvement might be the most efficient tactics in order to fight against PL brands. "*The best way to ensure survival is constant innovation and the creation of products that impress consumers through true product differentiation*" (Gielens, 2012: 419). According to Steenkamp *et al.* (2010), innovation and quality improvement are especially helpful for NB because they increase the quality gap perception between NB and PL products. Contrarily to price cuts and promotions which increase consumers' price sensitivity, innovation and quality increase the willingness to pay a price premium.

Moreover, firms use innovation as an offensive move in order to increase their sales and win market share. Gielens (2012) specifically studies the impact of 300 NB and PL innovations on the category sales and the market shares. Interestingly, the results show that all types of innovation are useful to increase sales. New product developments were the most impactful innovations but packaging improvements were also useful in order to further highlight the difference between NB and PL in the shelves, especially with premium PL. This is consistent with Steenkamp *et al.* (2010) who have shown that a distinctive packaging strongly influenced the consumers' quality perception of the products. As PL are known for producing copycats, it is extremely important that NB invest in packaging innovations in order to differentiate their products. This is consistent with Steiner (2004) who suggests that innovative firms benefit from a true competitive advantage as they force competitors to imitate if they want to survive. Lastly, authors have shown that PL's market share was lower in industries with high innovation rate (Kumar, 2007; Martos-Partal, 2012).

Additionally, it has been proven that innovation is a good way to win back consumer from competitors (Abril and Sanchez, 2016). In their study, the authors investigate the impact of innovation, promotion and price gap management on consumers' recovery. The study shows that promotions and innovation were the two best strategies in order to win back customers.

Moreover, apart from increasing sales and differentiation, companies should invest in innovation as it creates barriers to entry in the market. Indeed, we have seen that competitive actions hinder retaliation when they require important implementation efforts (Chen *et al.*, 1992). Indeed, companies need to have the necessary financial resources in order to invest in R&D to develop new products. Such expenses might not be possible for PL brands. Moreover, innovation and especially new product launches create a risk that some companies might be unwilling to take. Additionally, authors believe that PL are becoming more and more proactive. They have access to sales and consumer data, enabling them to offer products that better respond to consumers' demand. In that context, NB have to innovate constantly in order to keep ahead in the competition against PL.

Nevertheless, some authors reveal that innovating might not be enough to win a sustainable competitive advantage against competitors (Hesterly and Barney, 2010). Indeed, small innovations such as packaging innovation or the introduction of a new flavour are easy to imitate by competitors. Considering the soft drinks industry, authors have demonstrated that PL are particularly skilled to imitate NB products, through the introduction of copycats (Kumar, 2007). Those copycats typically provide the same benefits to the consumers, with a comparable packaging but at a considerably lower price.

To conclude, literature suggests that NB who chose to focus on constant quality improvements and significant innovation have higher chances to defend themselves against PL. Nevertheless, in some industries, the imitation rate from PL is quite high and a new production is automatically followed with the introduction of a copycat from a PL. Additionally, authors have revealed that PL have become more premium and are able to offer products that better adapt to consumers' demand (Kumar, 2007). Therefore, literature reveals that innovation is a prerequisite in order to survive but it is not sufficient to win a sustainable competitive advantage against PL and therefore, NB have to find additional ways to increase differentiation between their PL and their products.

1.2.2.4 Investing in the brand: advertising

First of all, it has been proved that advertising is positively correlated with an increase in volume sales and market share through the benefit of brand awareness and brand reputation (Grimm *et al.*, 2006, Hesterly and Barney, 2010). Additionally, advertising is particularly interesting for well-known brands as it creates spillover effects (Kumar, 2007). Indeed, the

advertising effort of a well-known brand will have positive repercussions on the other brands of the portfolio thanks to the associations created in the mind of the consumer.

Moreover, considering the competition between NB and PL, authors highlight the importance of investing in the brand as it enables the brands to differentiate from PL products and to build an identity (Boulding, 1994; Hoch, 1996; Parker and Kim, 1997; Kumar, 2007). In his study, Kumar (2007) reveals that the market share of PL is lower in countries where companies invest intensely in advertising. Also, advertising creates differentiation because it enables the NB to advocate their superior characteristics compared to PL products (Hoch, 1996; Steenkamp *et al.*, 2010). In his study, Steenkamp *et al.* (2010) posit that NB managers have to reallocate more budget to advertising as it is perceived as an indicator of quality by consumers. The study reveals that advertising increases the quality gap perception between PL and NB products. Interestingly, the author posits that new product development and quality improvements have to be combined with advertising in order to maximize differentiation. This is consistent with Parker and Kim (1997) who suggest that advertising enhances differentiation through quality advocacy. Interestingly, the study reveals that advertising enabled price discrimination. In other words, heavily advertised brands could better differentiate and charge a price premium.

Moreover, advertising is particularly relevant for NB because it can help create an emotional bond with the consumer (Kumar, 2007, Steenkamp *et al.*, 2010). Indeed, brands deliver messages to the consumer through advertising. For that reason, advertising is particularly interesting as it asserts the positioning of the brands in the mind of the consumers, making the products more prestigious, funnier, or cooler for example (Kumar, 2007). In its study, Steenkamp *et al.* (2010) highlight the importance of traditional advertising for NB in order to compete against PL. According to the study, advertising creates an emotional link with the consumers which develop consumers' involvement with the brand as well as their will to purchase. Lastly, Sethuraman and Cole (1997) show that advertising create an emotional link between the consumer and the brand as it increases the pleasure linked with the purchase and consumption of a product. For example, Coca Cola's advertising campaigns all convey a positive message linked with pleasure, happiness. Those messages link Coca-Cola's consumption with a positive feeling and give the impression that drinking Coca-Cola will make you feel better.

To conclude, we have seen that companies can chose to apply several tactics in order to defend themselves in the market and preserve their market share. First, brands can aim at reducing the

distance with private labels through price reductions or promotions. Nevertheless, authors suggest that tactics to further differentiate from competitors through constant quality improvement, innovation and advertising were linked with higher performance results. Nevertheless, our literature suggest that changing tactics might not be enough to compete sustainably in an industry as tactics are quite easy to imitate (Hesterly and Barney, 2010).

1.2.3 Changing strategies

Finally, companies choose to react to competitor's moves through the implementation of a new strategy. According to Hesterly and Barney (2010) companies resort to this option when a true remodelling of their business is necessary in order to survive. Companies can be forced to change their strategy through the evolution of external factors including new consumer's tastes, technology or the introduction of a new law for example (Hesterly and Barney, 2010). Additionally, companies can decide to implement a new strategy when they have a competitive disadvantage versus their respective competitors (Hesterly and Barney, 2010).

1.2.3.1 *Cost leadership, differentiation or both?*

Following Porter's framework, firm can obtain a competitive advantage through the implementation of two different strategies; cost leadership or differentiation (Porter, 1985).

First, the cost leadership strategy implies that a firm aims at lowering its cost of production in order to offer its product at a lower price than competition. In other words, firms obtain their competitive advantage through the optimization of their activity. In other words, they maintain their costs at a lower level than competition (Porter, 1985; Hesterly and Barney, 2010). According to the literature, there are several drivers to reduce costs: economies of scale, process improvements, learning effects, linkages, technology or a better access to raw materials (Porter 1985; Hesterly and Barney, 2010). Economies of scale are linked with the size of the firm. Authors have shown that, as volume of production increase costs tend to decrease until the firm reaches its optimal size (Hesterly and Barney, 2010). Indeed, with higher volume of production, the firm acquires more machine, increases the size of its plants, gains experience and as a result, the costs per unit decrease. Indeed, companies improve their processes, learn best practices and improve their efficiency through the repetition of business activities (Porter, 1985; Hesterly and Barney, 2010). Except economies of scale and learning effects, firms can reduce their costs through a preferential access to its factors of production or the use of technology (Barney, 2010). Lastly, as shown by Porter (1985), linkages also constitute a driver to reduce costs. A

better coordination of activities within the value chain and preferential relationship with suppliers will generally lead to cost reductions (Porter, 1985).

In contrast, firms choosing the differentiation strategy seek to obtain a competitive advantage by offering products and services with unique characteristics that respond to customer's demand in order to charge a price premium. (Porter, 1985; Hesterly and Barney, 2010). In that context, customers are willing to pay more for a product they perceive as different from others in the market. In that context, differentiation is highly dependent on customer's perceptions (Hesterly and Barney, 2010). That way, when implementing a differentiation strategy, firms have to make sure they truly understand their customers in order to take actions that will influence their customer's perceptions. Indeed, several drivers can lead to product differentiation. Firms can choose to differentiate their products through an improvement of its characteristics and attributes. Firms can achieve differentiation by focusing on the product itself, through a distinctive packaging, innovative product features or a differentiated timing of introduction (Porter, 1985, Hesterly and Barney, 2010). According to Steenkamp *et al.* (2010), innovation and quality particularly influenced consumers' willingness to pay a price premium when choosing between a NB and a PL within the FMCG industry. Moreover, differentiation can be achieved through investment marketing practices, especially advertising in order to build the brand identity and reputation, convey the positioning of the product and create an emotional link with its customers (Kumar, 2007). Lastly, as for the cost leadership strategy differentiation can be developed through linkages and especially a better coordination with business partners (Hesterly and Barney, 2010).

The framework introduced by Porter seems to indicate that firm cannot implement cost leadership and differentiation at the same time. Indeed, according to Porter (1985), the risk of implementing both strategies is to become "*stuck in the middle*" (Porter, 1985: 17). Nevertheless, it seems that, in some cases, the combination of both generic strategies is possible. According to Hill (1988), differentiation can lead to a cost leader position. Indeed, firm can first chose to differentiate their products. If the strategy is well executed, volume of production will increase and this will result in a cost decrease through the appearance of economies of scale and learning effects. Additionally, as suggested by Porter (1985) economies of scale and learning effects eventually decrease as the firm approaches its optimal size. Therefore, it is in fact complicated for a firm to win the position of cost leader. In that context, when there is no more option for reducing cost, one way to compete with other low-cost firms is to start differentiating (Hill, 1988). Going further, the author suggests that this choice can often be

found in mature industries where firms implement both differentiation and low-cost strategy in order to preserve its market share.

Lastly, companies can chose to further the traits of the previously mentioned strategies. Firms can chose to extensively differentiate in the market and adopt a niche positioning. Such strategy is known as the focus strategy (Porter, 1985). Firms will choose to address the needs of a very specific segment and adapt their offer and actions accordingly (Porter, 1985). Lastly, firms can choose the best cost provider strategy (Porter, 1985). Companies following this strategy seek to offer product with the best quality/price ratio. In other words, consumers buy the product at their fair price. Generally, the products will have the most basic features and the main cost generator will be the production activity (Porter, 1985).

1.2.3.2 Generic strategies and sustainable performance

As previously seen, the sustainability of a strategy depends strongly on its imitability (Hesterly and Barney, 2010). Indeed, if a strategy is easily imitable by other firms, it will not generate a sustainable competitive advantage. Considering generic strategies, authors have tried to determine which one was the most sustainable.

First, according to Banker *et al.* (2014), both cost leadership and differentiation strategies lead to superior performance. Then, authors believe that the cost leadership strategy is likely to be imitable, thus reducing the change of obtaining a sustainable competitive advantage. Indeed, as we have seen, the basis of cost leadership strategy is the optimization of business activities (Porter, 1985). Authors suggest that process improvements and best practices are easily imitable as knowledge can be transmitted within the company and within the industry (Eisenhardt and Martin, 2010). Additionally, the acquisition of raw material or a new technology can also be imitated by competitors as they are sold on the market (Hesterly and Barney, 2010). Economies of scale and learning effects are also drivers of cost reductions. Nevertheless, economies of scale is the easier driver to copy. Indeed, according to Hesterly and Barney (2010: 118) this driver does not rely on “*history; uncertainty, or socially complex resources and capabilities*”. Lastly, learning effects cannot lead to a sustainable competitive advantage as knowledge can spread across firms and industries (Hesterly and Barney, 2010; Eisenhardt and Martin, 2010).

On the contrary, literature indicates that following a differentiation strategy is more sustainable. First, the differentiation strategy implies that companies invest on innovation, quality and improve product feature so that the consumer perceive them as different. This suggests that companies invest more on R&D and take more risks in order to create unique products. Such

investments create barriers to entry which is likely to delay the response of competitors (Chen and Macmillan, 1992; Grimm *et al.*, 2006; Banker *et al.*, 2014). Moreover, differentiation strategy also means that firms invest more on brand building activities, especially advertising. As we have seen, advertising enable firm to build brand awareness, reputation and create an emotional link with the customers (Setharuman and Cole, 1999; Grimm *et al.*, 2006; Kumar, 2007; Steenkamp *et al.*, 2010). The creation of an emotional link with customers and reputation are great assets because they result in a sales increase and they are costly to imitate. Indeed, such assets are built over time and imply many social interactions and therefore, they are quite difficult to imitate (Hesterly and Barney, 2010). For the same reasons, linkages, especially with suppliers and customers is quite hard to duplicate as it is built on history and many social interactions (Hesterly and Barney, 2010).

1.3 Conceptual model

From our literature review, we suggest the following conceptual model (see figure 1). Resources and capabilities are used to perform actions and reactions to competitors' moves in an industry. Such actions and reactions constitute the competitive dynamics of an industry. Several moves can be undertaken as firms can chose to do nothing, implement tactics (innovation, price cuts, advertising, promotion activity, etc). Firms can also choose to change radically through the implementation of new business level strategies (differentiation, cost leadership, best cost provider or focus strategy).

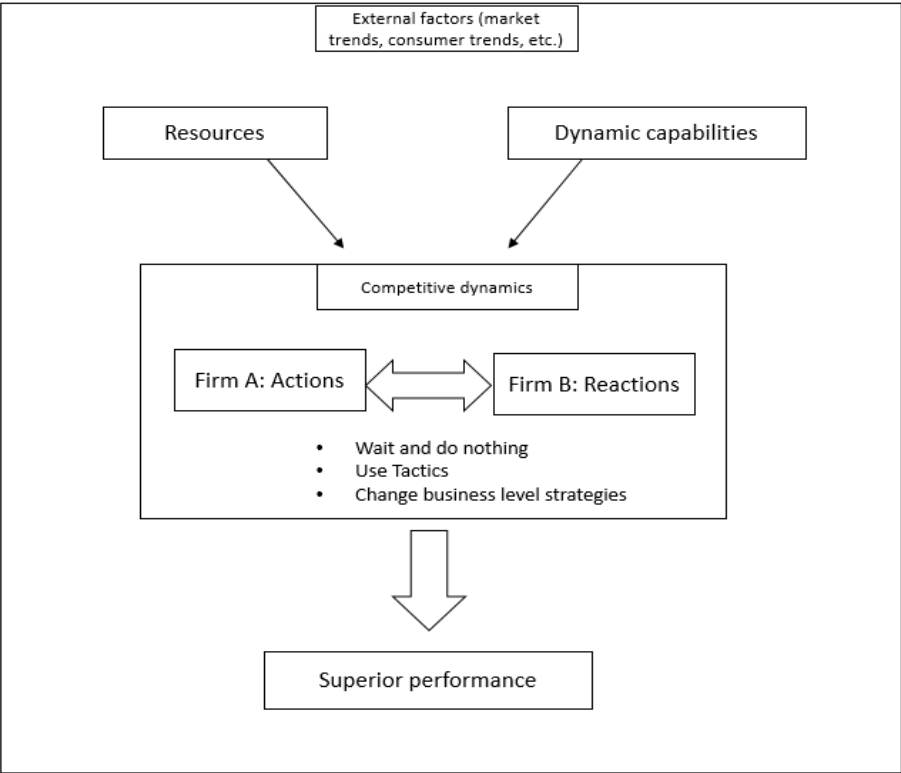


Figure 1 : Conceptual model

Chapter 3: Methodology

We perform a qualitative analysis in order to understand how competitive dynamics influence the performance of PL and NB within the soft drinks industry. Through our focus on the soft drinks industry, the aim of the research is not to generalize the results to other industries but rather to obtain an in-depth understanding of a phenomenon, hence the need of a qualitative research. In all research works, the researcher must follow 5 steps: “*the aim, the sample and unit of analysis, the choice of data collection method, the choice of analysis method and the practical implications*” (Bengtsson, 2016:10). We have followed those steps for the construction of our methodology.

2.1 The relevance and aim of the subject

Our research aims at understanding how competitive dynamics affect the performance of PL brands and NB within the soft industry. In other words, we seek to understand how PL brands and NB build their competitive advantage on the market and what actions they choose to compete against one another. Moreover, we seek to understand how PL brands have been able to increase their market share in France. Then, we aim at making managerial recommendation for both NB and PL brands in order to preserve their market share within the industry. Lastly, we seek to provide a broad understanding of the French soft drinks industry.

The choice of the topic was influenced by several factors. First, we chose to study the competition of PL and NB within the soft drinks industry as there was a lack of academic research on this topic. Indeed, most of academics study the phenomena in various industries in order to standardize their recommendations. Nevertheless, we argue that those methods lack precision as each industry has its specificities. That way, recommendations on the soft drinks industry might not respond to the specific issues of the detergent industry for example. As a result, we decide to analyse specifically the soft drinks industry in order to make recommendations that can be implemented by managers. Then, our study specifically focuses on the French market as there is no academic paper focusing on the competition between NB and PL in the French soft drinks industry. Moreover, we believe the market is particularly interesting as the industry is evolving. Indeed, as we will see, consumers are seeking more natural and healthy products which implies a true transformation of the offer within the industry.

Our dissertation aims at analysing the competitive dynamics between PL brands and NB. As defined previously, the competitive dynamics are the actions and reactions that companies

undertake when they compete in a market. As a result, we decide to perform interviews with category experts in order to explain the different moves implemented by PL and NB. Indeed, our dissertation aims at making recommendations for professionals of the soft drinks industry. Moreover, our dissertation provides broader knowledge to the competition between PL and NB in France. As a result, we believe it was necessary to get inputs from professionals in order to explain the actions and reactions chosen by PL brands and NB within the industry. Each process will be explained in the following paragraphs.

2.2 Data collection method

The aim of our dissertation is to analyse the competitive dynamics between PL and NB products in the soft drinks industry. More specifically, our study focuses on understanding and explaining the actions and reactions that PL and NB undertake in the market. In that context, we believe that it is coherent to perform semi-structured interviews with professionals and experts of the market in order to understand the competition between PL and NB. The benefit of semi-structured interviews consists of allowing the interviewer to ask open questions following an interview guide as well as to ask more specific questions depending on the answers of the respondent (Hsieh and Shannon, 2005). In that context, we specifically choose the semi-structured interview in order to allow more flexibility to our respondents and allow our chances of having different insights. We favour face to face interviews in order to build the trust between the interviewer and the respondent. Moreover, having the respondent face to face enables the interviewer to analyse body language and face expressions of the respondent. A specific focus is given to build the trust with our respondent. At the beginning of the interview, the researcher mentioned that the interview would be recorded and started with a small talk. The researcher selected the experts through the social network LinkedIn and contacted them by email. The interviews were done in French and the audio was recorded on the phone of the researcher. The transcriptions were performed directly by the researcher and translated in English after each session. In total, we gathered the inputs of 10 professionals of the soft drinks industry.

The construction of the interview guide was done after the analysis of our literature review and was specifically designed to answer our research questions. (see appendix 1). Importantly, the interview did not focus on one brand in particular but rather sought to understand the general actions and reactions of PL and NB within the soft drinks industry in France. Depending on the answers of the respondents, some allusions were made to other categories such as the beauty industry in order to make comparisons with our market of interest. Right before the interview, the researcher introduced himself as well as the purpose of the study. Then, he began the

interview asking open questions and following a specific order as established in the interview guide. Those questions were voluntarily vague in order to allow the interviewer to reflect and give his input on the subject. Then, the researcher asked follow-up questions when necessary in order to clarify an answer. Also, in some cases, the researcher formulated more specific question in order to go further. Overall, the interview lasted around 30 minutes and the researcher ended them with an acknowledgement.

2.3. Sample description

We interviewed professional from the soft drinks industry in order to further our understanding of the competition between PL and NB. We chose our respondents through non-probability sampling. In other words, the choice of our interviewees were non-random which characterised the non-probability sampling. Indeed, the scope of our analysis required to get insights from experienced professionals with a real expertise in the soft drinks industry. For that reason, it was absolutely necessary to control the sampling method and choose the right persons to interview. The choice of our respondents was defined through several restrictive controls. First, as explained earlier, we wanted to interview people with an expertise of the soft drinks category. Second, we aimed at interviewing professionals working for either a NB or a PL brand. Lastly, we chose the professionals according to their jobs and we made sure that we could interview a diverse scope of professions. As a result, our sample was composed of professionals working in different departments such as product management, category management, and business intelligence at different hierarchical levels within the firms. The table 2 summarizes the professionals we interviewed for the study. All the respondents were French.

Interview number	Job	Company categorization
1	Category manager	Manufacturer goods company
2	Category manager	Manufacturer goods company
3	Shopper & market insights senior manager	Manufacturer goods company
4	Senior category manager	Manufacturer goods company
5	Brand manager	Manufacturer goods company
6	Key account manager	Manufacturer goods company
7	Brand manager	Manufacturer goods company
8	Senior Category manager	Retailer (PL brand)
9	Brand manager	Retailers (PL brand)
10	Brand manager	Retailer (PL brand)

Table 1 : Sample description

2.4. Choice of analysis method

According to academics, content analysis is relevant to analyse several types of data including “interviews” (Bengtsson, 2016: 10). As our analysis precisely consists of analysing those materials, we have decided to use the content analysis method. Content analysis can be used in both quantitative and qualitative research. In qualitative research, content analysis enables the researcher to interpret and draw conclusions from a collection of words and sentences.

2.5. Practical implications

During our research, we interviewed several respondents. Therefore, we made sure that our methods complied with the basic ethics regulations. First, we informed each participant that the interview would be recorded. Then, we ensured to each respondent that there were no right or wrong answers and most importantly, that there was no obligation to answer. Lastly, we guaranteed confidentiality for all the data. Among the 10 respondents, 7 authorized us to record the interviews, which is why we have 7 interview transcripts. The other 3 refused to be recorded for confidentiality reasons.

2.6. Data analysis

In content analysis, several steps have to be respected in order to ensure validity and reliability of the study : *the decontextualisation, the recontextualisation, the categorisation, and the compilation* (Bengtsson, 2016:11).

The first step consists of the decontextualisation process. This step includes familiarizing with the data collected and the codification of the data (Bengtsson, 2016). First, we familiarized with the content that we collected during our interviews. Then, we codified our data in order to better synthesize the insights from our studies. Our study has a deductive reasoning as we seek to test the results of already defined concepts and principles identified in the literature review. As a result, a list of codes was created previously thanks to the results of the literature review. First, our literature review highlighted that firms could achieve a competitive advantage through their resources, capabilities and their actions. More specifically, the competitive dynamics largely influence the performance of firms as companies constantly act and react in order to survive. Firms can choose to change their tactics, by focusing on innovation, advertising, promotion or price actions. They can also change their strategy which implies bigger structural and internal changes.

Our interviews aimed at providing us with a deeper understanding of the competitive dynamics and their impact on the performance of PL and NB. Most importantly, the interviews sought

to understand and explain the behaviours of PL and NB in the market. Therefore, the interviews targeted a broader range of themes, including the construction of a competitive advantage and the choice of tactics and strategies.

For the codification of our interviews, we followed the process elaborated by Bengtsson (2016). As stated, we first established a list of codes and defined the meaning of each code (see appendix 2).

The first theme focuses on the creation of a competitive advantage. Therefore it lists most of the resources and capabilities that were identified by the literature review as enhancer of an advantage in an industry (Porter, 1985, Hesterly and Barney, 2010). Obviously, the aim of this part is not to understand how a resource or a capability lead to a competitive advantage but rather to understand how PL and NB build their competitive advantage in the soft drinks industry.

The second theme focuses on the study of the competitive dynamics between NB and PL. Therefore, we aim at understanding how those actions and reactions influence the performance of PL and NB in the soft drinks industry. Indicators such as market share increase, consumption growth, consumer loyalty, product quality, brand strength or recruitment of new consumers were mentioned by our interviewees and we used them to measure superior performance.

For the first and second theme, the meaning unit was attributed either to PL brand or NB in order to differentiate them in the results presentation.

The third theme is exclusive to PL's brands as it classifies all the data related to PL's role in the market. Specifically, it aims at understanding whether PL should upgrade or maintain their positioning.

The fourth theme analyses data connected to market trends. As we previously mentioned, our study is particularly relevant because it seeks to understand how NB and PL compete within a specific industry. The final aim is to make managerial recommendations for both NB and PL brand managers in order to further the development of their brands in the soft drinks industry. As a result, we believe it is necessary to include elements related to market trends as those specificities influence NB and PL actions in the market. Indeed, as we will see, retailers, consumers and market trends are external characteristics that also influence the trends identified through theme 1, 2 and 3 (see appendix 2).

Then, the author indicates that a researcher has to collect meaning units from the raw materials (Bengtsson, 2016). Those meaning units are paragraphs or sentences that contains relevant insights or concepts to answer the research questions (Bengtsson, 2016). As a result, we read and re-read the interviews and we identified the meaning units. This process was done objectively in order to guarantee the reliability of our research.

Then, we performed the recontextualisation step. For this step, we decided to keep only the meaning units that were relevant to answer our research questions.

The third step is the categorisation. The objective of this step is to conceptualize the meaning units gathering them into themes, categories and subcategories (Bengtsson, 2016). First, we translated our meaning units into condensed meaning units. Those condensed meaning units summarized the main idea of the paragraph or the sentence collected. Lastly, we linked the most relevant condensed meaning units to a code. Such codes were then linked to themes, categories and sub-categories in order to group insights, ideas and conceptualize them. (see table 3)

Meaning unit	Condensed meaning unit	Code	Theme	Category	Subcategory
Therefore, I believe that the agility of PL brands is a real threat for us	PL are agile	agility	competitive advantage	resources and capability	-

Table 2 : Example of contextualisation of a meaning unit

The last step is the compilation during which the researcher presents the results of the study. We used the latent analysis to interpret our results. According to Bengtsson (2016: 12), the latent analysis enables the researcher to *“immerse him/herself to some extent in the data in order to identify hidden meanings in the text”*. As previously explained, we linked each condensed meaning unit to a code. Then, we counted the number of times a condensed meaning unit referred to a code. The number of occurrences for each code enabled us to draw conclusions. Additionally, we used quotations from our interviews in order to refer to relevant ideas and concepts and support our findings.

Lastly, we presented a synthesis of our results in a table with our list of codes and the number of occurrences for each code.

Chapter 4: Findings and discussion

As explained in the methodology, the condensed meaning units were linked to a code and those codes were then grouped in themes, categories and subcategories in order to conceptualize ideas. The table 4 represents the results of our research. The classification title represents the themes, categories, subcategories and codes that were used by the researcher in order to analyse the interviews (see codification list in appendix 2 for more details). Therefore, the numbers in the table represents the number of times a condensed meaning unit was linked to a code. Therefore, this table summarizes the number of occurrences for each code. For example, agility was associated 14 times with PL brands, which allows us to suppose that PL brands are particularly agile. Obviously, this conclusion is ascertained using quotations from the interviews.

Codification	Classification title	PL	NB	market
Theme 1	competitive advantage	31	28	
Category 1	resources and capability	31	28	
code 1	agility	14		
code 2	brand	3	6	
code 3	brand reputation	1	16	
code 4	cost economies	9		
code 5	innovation capability	1	5	
code 6	product quality	1	1	
code 7	relationship with retailer	2		
Theme 2	competitive dynamics	101	29	
Category 2	competition style	4	5	
Code 8	aggressive and direct competition	4		
Code 9	wait and see attitude		5	
Category 3	cost leadership strategy	20		
Code 10	imitation	13		
Code 11	low price	7		
Category 4	differentiation strategy	68	24	
Subcategory 1	advertising	25	9	
Code 12	build brand identity	15		
Code 13	build brand reputation		4	
Code 14	communicate on quality	2		
Code 15	connect with consumers	8		
Subcategory 2	innovation	43	8	
Code 16	adapt to market trends	15		
Code 17	packaging innovation	3	3	
Code 18	product innovation	6	4	
Code 19	quality improvement	19	1	
Subcategory 3	promotion		7	

Code 20	create brand awareness		7	
Category 5	positioning	9		
Code 21	maintain inferior positioning	6		
Code 22	shift to superior positioning	3		
Theme 3	market			53
Category 6	market characteristics			53
Code 23	consumer			29
Code 24	market			3
Code 25	retailer positioning			21
TOTAL		132	53	53

Table 3 : Qualitative analysis results

The aim of our study is to understand how PL and NB compete in the soft drinks industry. Also, we believe it is necessary to understand the trends of an industry in order to design specific recommendations. Most importantly, as we will see later, such market trends also influence the actions and reactions of PL and NB within the soft drinks industry.

3.1. The soft drinks industry: a market in mutation

Our study highlights that the French soft drinks industry is currently changing. Our experts suggest that consumers, retailers and market trends reflect the premiumization of the market. “There is a premiumization of the whole fast moving goods industry and therefore, all the actors follow the trend” (interview 6).

3.1.1. Consumer trends

The condensed meaning units linked with consumer trends are summarized in table 4.

Codification	Classification title	market
Theme 3	market	53
Category 6	market characteristics	53
Code 23	consumer	29
meaning unit	consumer seek to connect with the brand value	13
meaning unit	consumers seek product quality	8
meaning unit	NB and PL consumers are different	2
meaning unit	consumer are looking for brands	2
meaning unit	consumer seek distinctive packaging	1
meaning unit	reputation is an advantage for NB to differentiate from PL	1
meaning unit	brands connect with consumers through their values	1
meaning unit	consumer use products to show their status to other	1

Table 4 : Extract of the results of market trends (see appendix 6)

First, the main specificity of the soft drinks industry is the power of brands. Indeed, our results clearly show a strong attraction between the consumers and the brands. As table 4 suggests,

consumers particularly seek to connect with the brand. Additionally, the meaning unit “consumers are looking for brands” ranks at the second position with 14 occurrences (see appendix 7). Indeed, it appears that the main motivator is the brand in the buying process. *“brand stays the most important thing for the consumer”* (interview 5).

Moreover, our study reveals that consumers want to have choice and most importantly, they are seeking differentiated products. *“Consumer like having choice, they like buying different formats”* (interview 3). Going further, some respondents have pointed out that consumers are willing to buy individualized products. *“Today, mass-consumption does not interest the consumer anymore and people seek individualization.”* (interview 7)

Lastly, the consumer is seeking to buy more than products. Indeed, our respondents suggest that consumers extensively buy products that connect with their values. The meaning unit *“consumers seek to connect with the brand value”* ranks at the third position (see appendix 7). *“It is no longer sufficient to communicate on the advantage of the product you are selling. Consumers buy your brands because they shares its values, its culture and because they understand the history of the brand”* (interview 2). Those values can be having fun, pleasure but they also shift towards more social and environmental aspirations. Indeed, consumers are showing more interest in buying products from responsible companies. Our results suggest that, today, consumption is highly connected to the notion of trust and values. Therefore, companies including sustainable development to the core of their business model are likely to be prized by the consumer. *“So they want a company that pays attention to the environment, its workers etc. otherwise they will lose faith in us and they will buy other products”* (interview 4). Moreover, consumers have become aware of the impact of their consumption on their health. As a result, their consumption of natural, ecological, healthy and premium products is rising dramatically. *“the consumer is looking for more natural and healthy product and in that context, they will look for more local and smaller brands with strong values”*(interview 5). In conclusion, consumers desire to consume less but better and that way, they enhance the premiumization of the soft drinks industry.

3.1.2. Market trends

As we have seen, the soft drinks industry is heading towards individualization and premiumization. Our study suggests that companies understand the importance of connecting with the values and beliefs of the consumers. In that context, they have consistently altered their strategy towards an accelerated differentiation. Indeed, brands are improving their offer to

respond to the demand of more responsible, natural and healthy products. Big players are launching new products which are more natural, ecological or that contains less sugar. In 2018, Coca-Cola launched Honest, the first ecological low sugar tea. Such market transformations are also attracting smaller players which launch smaller brands with strong values and a niche positioning in order to respond to consumers' needs. *"The consumer is looking for more natural and healthy product and in that context, they will look for more local and smaller brands with strong values"* (interview 1). Therefore, such premiumization might accelerate the fragmentation of the soft drinks industry.

3.1.3. Retailer trends

Retailers are also impacting the way PL and NB act and react in the market.

First, a price war is accentuating in the soft drinks industry. Indeed, retailers consider that low prices tend to attract more consumers in their stores. In that context, retailers are putting pressure on manufacturers in order to obtain better trade contracts and apply lower prices in the market without downgrading their margins. Such price war lead to a concentration of the retails channels which associate their purchasing departments in order to weigh more during the negotiation. As a result of the price war, the prices of NB products have tended to decrease, thus reducing the price gap between PL and NB. As we will later see, understanding this market specificity is really important in order to understand the premiumization of PL brands. Indeed, the price gap between both players reduced and consumers preferred buying the NB instead of the PL product. The low market elasticity also enhances this trend. *"some external factors also encouraged such premiumization. I think that the price war within the soft drinks industry particularly pushed PL brands to rethink their positioning"* (interview 2). Indeed, as PL can no longer compete on their prices, they are increasingly trying to differentiate.

Lastly, retailers have also understood that they could activate also levers than their prices in order to differentiate. More precisely, their assortment still represents the most differentiating lever for the retailer. Therefore, retailers are following current consumer trends and they are enlarging their offer with healthy, natural and ecological products.

In conclusion, the soft drinks industry is changing towards premiumization, differentiation and individualization. Such changes influence the way NB and PL act and react in the market and the construction of their competitive advantage.

3.2. How do PL and NB build their competitive advantage?

As shown in the literature review, brands can obtain a competitive advantage through their resources and capabilities (Barney, 1991). This is confirmed by our studies as both capabilities and resources are used to differentiate by PL and NB (see table 5 and appendix 3, 4)

Codification	Classification title	PL	NB
Theme 1	competitive advantage	31	28
Category 1	resources and capability	31	28
code 1	agility	14	
code 2	brand	3	6
code 3	brand reputation	1	16
code 4	cost economies	9	
code 5	innovation capability	1	5
code 6	product quality	1	1
code 7	relationship with retailer	2	

Table 5 : How do PL and NB build their competitive advantage? (Extract of appendix 3)

First, our results show that PL brands obtain a competitive advantage through their agility and their cost economies. The codes “agility” and “cost economies” are strongly linked with PL (see table 5 and appendix 4). Indeed, our respondents have identified that PL’s business model is responsible for such cost economies. Indeed, some activities of the value chain are used to make those cost economies. According to our respondents, PL brands have high volumes of production and therefore, they benefit from economies of scale which lower their costs. “PL brands are produced in huge volumes and for that reasons, retailers benefit from economies of scale” (interview 3). First, PL brands are produced nationally by the retailers. In other words, the products cover the retailers store at a national level. Then, our respondents believe that PL brands benefit from economies of scale allowing them to lower their costs. The second main reason explaining their cost economies is their low investment in their product and in marketing. Indeed, PL brands’ investment in marketing is almost inexistent. According to our respondents, PL brands do not have marketing campaigns and they do not use trade marketing to communicate in store. Moreover, their innovation investment is limited and they do not try to differentiate their packing. “PL brands do not invest in marketing, they do not invest in

advertising, nor in R&D, communication packaging etc. in summary, the only cost PL brands have is their cost of production” (interview 4). Moreover, some respondents suggest that PL’s products quality is rather low and enable them to maintain their cost at a lower level than NB. *“PL have lower production cost because the quality of their products is not as good as NB brands. They use ingredients that are less qualitative than NB brands”* (interview 3). Lastly, those cost economies considerably increase the profitability of PL brands and therefore, they justify the presence of NB within retailer stores. As a result, PL products often benefit from a preferential shelf allocation in the stores. *“Then PL benefit from a favourable position within the store as they are owned by the retailer”* (interview 2).

In addition, all of our respondents have admitted that PL brands were particularly threatening players because of their agility. *“PL brands have the potential to challenge us because they are really agile, flexible and therefore they are really quick in imitating, launching products and following trends”* (interview 1). PL’s agility is favoured by their business model. As we have seen, PL brands can react faster because their investment in marketing is limited and they pay less attention to quality details. Also, PL brands work with suppliers that also supply NB, thus enabling them to be quicker to adapt to the market. *“their agility certainly comes from their business model. They probably work with suppliers that also work for NB and copackers”* (interview 4). Such agility is particularly relevant for PL brands as they can react faster to NB actions and adapt faster to new market trends. This is consistent with Abril and Martos-Partal (2013) who reveal that PL brands are particularly threatening for NB because of their agility and speed of reaction.

Then, our results show that NB especially differentiate with their brands, reputation and their innovation capability. The codes “brand reputation” and “innovation capability” are strongly linked with NB (see table 5 and appendix 4). *“NB can capitalize on the reputation of the brands, the history of the brands and the link it has managed to build with the consumers is extremely important”* (interview 1). More specifically, in some cases, NB have built a strong brand identity which gives them the possibility to stay in the mind of the consumers. *“You do not have the same pleasure when you drink a Coca-Cola than when you drink a PL. The image of the brand plays an important role, it creates an emotion”* (interview 1). The brand values and the brand history constitute the identity of the brand and they enable the brand to create an emotional link between the consumer and its products, thus generating brand loyalty and brand preference. Then, *“the main advantage of NB is their reputation”* (interview 2). Indeed, repeated good experiences with the brand enhance brand preference. In summary, in the soft

drinks industry, the brands seem to be the main motivator in the buying process of the consumer. Then, as Aaker (1996) demonstrates in his brand equity study, the brand represents valuable assets that firms use to differentiate. Indeed, a strong brand creates preference, win the consumer's loyalty and make the consumer less price sensitive. *"From our studies, we clearly see that when the prices between PL brands and NB products is reduced, consumers favour NB products"* (interview 4). Therefore, the brand is definitely a way for NB to differentiate from PL.

Lastly, the innovation capability of NB constitutes a competitive advantage. *"it is through innovation and advertising that NB brands create value for the customers"* (interview 1). Innovations can take many forms such as packaging innovations, process innovation or product innovations. Indeed, contrarily to PL, NB have high R&D and marketing investments and they seek to improve their products and give choice to the consumer. Such differentiated offer represents an advantage as it is more difficult to copy. *"one advantage of NB brands is their ability to offer different formats and packaging to their consumers"*.

Our results also confirm some literature reviews insights regarding competitive advantage. First, as our literature suggests, in dynamic markets, the perspective of obtaining a sustainable competitive advantage is unlikely. Competitive advantages are rather temporary (Ferrier *et al.*, 1999, D'Aveni *et al.*, 2000, Eisenhardt and Martin, 2000, Grimm *et al.*, 2006, Madhok and Marques, 2014). Then resources are determinant but they are not sufficient to build a competitive advantage. As suggested by the dynamic capabilities stream of work, firms constantly have to build and reconfigure new resources in order to adapt to dynamic environments (Eisenhardt and Martin, 2000). In that context, there is a growing concern for firms to develop their agility and flexibility in order to act and react faster to competitors moves. This is coherent with the action-based view which argues that firms' survival is linked with their capacity to adapt to competitors' moves. Therefore, we will then proceed to the analysis of the competitive dynamics within the soft drinks industry.

3.3. How competitive dynamics influence the performance of PL and NB in the soft drinks industry?

In the previous part, we have seen that PL build their competitive advantage through cost economies and their agility capability. Such competitive advantages enable them to follow a low cost strategy and provide a cheaper alternative to NB products to the consumer. Therefore, PL brands offer products answering the same need as NB products at a lower price. On the

contrary, NB benefit from their brand identity and reputation to build brand love and create an emotional link with the consumer. Also, NB have great innovation capabilities which enable them to provide a differentiated offer to the consumer and create actuality in the market. In that context, the aim of this part is to understand how PL and NB act and react in the market and how their actions influence their performance. The results focusing on the study of competitive dynamics are summarized in table 6 (also see appendix 3 and 5). The numbers represent the number of times a meaning unit was linked to a code. For example, PL were linked 4 times to aggressive and direct competition. In order to avoid any misinterpretation, we strongly advise the reader to take appendix 5 into consideration. For example, PL are linked 25 times to advertising which could suggest that PL brands invest strongly in advertising. Nevertheless, considering appendix 5, we see clearly that PL brands “have to invest in advertising to build brand identity”.

Codification	Classification title	PL	NB
Theme 2	competitive dynamics	101	29
Category 2	competition style	4	5
Code 8	aggressive and direct competition	4	
Code 9	wait and see attitude		5
Category 3	cost leadership strategy	20	
Code 10	imitation	13	
Code 11	low price	7	
Category 4	differentiation strategy	68	24
Subcategory 1	advertising	25	9
Code 12	build brand identity	15	
Code 13	build brand reputation		4
Code 14	communicate on quality	2	
Code 15	connect with consumers	8	
Subcategory 2	innovation	43	8
Code 16	adapt to market trends	15	
Code 17	packaging innovation	3	3
Code 18	product innovation	6	4
Code 19	quality improvement	19	1
Subcategory 3	promotion		7
Code 20	create brand awareness		7
Category 5	positioning	9	
Code 21	maintain inferior positioning	6	
Code 22	shift to superior positioning	3	
Code 24	market		
Code 25	retailer positioning		
TOTAL		132	53

Table 6 : How do PL and NB act and react in the soft drinks industry (extract of appendix 3)

3.3.1. Investing in innovation and the brand: two levers for growth in the soft drink industry

As suggested by the ABP stream of research, firms' survival is correlated with the actions and reactions they undertake in an industry (Chen and Macmillan 1992; Chen *et al.*, 1992; Grimm *et al.*, 2006; D'Aveni *et al.*, 2010; Madhok and Marques, 2014). The competitive dynamics include changes of tactics (innovation, advertising, price, promotion) and changes of generic strategies. As we will see, our results suggest that innovation and investments in the brands are correlated with superior performance within the soft drinks industry

3.3.1.1. Innovation versus imitation

Our results suggest that innovation is key in order to survive in the soft drinks industry. The subcategory "innovation" has the highest number of occurrences according to our results (see table 6 and appendix 5). *"Innovation and communication are key because it creates actuality and it directly connect the brands with the shopper"* (interview 5). Our results suggest that several types of innovation can be found in the soft drinks industry, namely product innovation, packaging innovation, process and quality improvements. First, innovation is linked to superior performance as it creates choice for the consumer and improve the value proposition of the brands. *"it is through innovation and advertising that NB brands create value for the customers"*(interview 1). Indeed, most brands use brand extensions to offer new flavours, new packaging or improve the quality of their products in order to differentiate their offer in the eyes of the consumer. Additionally, innovation is particularly interesting because it creates actuality and brand awareness for the firm. Lastly, innovation is particularly relevant for companies as it justifies a price premium in the market. *"there is innovation which creates incremental wealth because those innovative products are sold at a higher price"* (interview 1). This is coherent with our literature as authors suggest that innovation is key for differentiation as it improves the experience of the consumer and the value proposition (Hoch, 1996; Sethuraman and Cole, 1999; Kumar, 2007; Steenkamp *et al.*, 2010; Gieilens; 2012; Olbrich *et al.*, 2017).

Nevertheless, innovation's link with superior performance also depends on the imitation capability of other competitors. Logically, innovation leads to superior performance when imitation is hindered. Interestingly, our interviews have revealed that some innovations were more efficient than other in order to impede imitation. As suggested by Chen *et al.* (1992) and Porter (1985), actions lead to superior performance when they hinder reactions from competitors. This is also confirmed by our interviews *"Now, if we launch a new flavour, typically Finley Mojito, within three months, everyone has launched the same flavour"*

(interview 2). On the contrary, some innovations are more complex to imitate. In that context, process improvements, packaging innovations and format changes have been identified as more difficult to copy. Our respondents argue that complex innovation (new formats, new processes, new product concepts) engender longer response time. This is also confirmed by our interviews. *“I think that launching a new flavour is not difficult. What seems more complicated for PL brands is to copy our formats”* (interview 2). That way, such innovations lag responses but they hardly decrease the number of responses. This is also supported by Chen *et al.* (1992). In conclusion, innovation is linked with superior performance as it creates brand actuality and improve the experience of consumer with more choice and improved products. Nevertheless, imitation is hindering the benefits of innovation and therefore, our results show that firm actively need to focus on more distinctive innovations. Also, our study shows that investing on the brands has become absolutely necessary in order to survive in the market.

3.3.1.2. Advertising builds brand identity and creates an emotional link with the consumer

Our study reveals that advertising is linked with superior performance within the soft drinks industry. The subcategory “advertising” (see table 6 and appendix 5) has the highest number of occurrences behind innovation in the soft drinks industry. Our results show that advertising enables firms to connect with consumers, build an identity and communicate their reputation to the consumers (see table 6).

First, our results suggest that advertising is particularly important in order to build an identity. *“advertising is important to create the story around the brands and maintain the link between the brand and the consumer”* (interview 3). Indeed, advertising allows brand to communicate on the quality of their products and most importantly on their values and history. Therefore, advertising is precisely interesting because it multiplies the interactions between the consumers and the brands. As a result, advertising creates an emotional link between the brands and its consumers. Such emotional link differentiates brands from one another and it is precisely through those repeated interactions that firms can build brand love. Additionally, our results show that product quality is no longer sufficient to generate brand preference alone. Indeed, consumers are seeking more than the intrinsic benefits of a product. Instead, they are increasingly looking for products that connect with their values, beliefs and personality. *“The most important thing in the identity of the brands. Therefore, advertising is absolutely necessary to create a link with the consumer and increase the visibility of the brand”* (interview 4). *“it takes time but it will develop in the future as we know it is through communication that we will*

create an identity and recruit new consumers” (interview 1). This is consistent with our literature review that suggests that advertising is a way for brands to connect with their consumers (Kumar, 2007). Logically, our results show that advertising is key to increase the brand visibility and awareness. In conclusion, advertising is particularly interesting as it enables brands to create an identity, a reputation and connect with the consumers. Those assets create a distinction between brands as they are particularly hard to copy (Barney, 1991). Indeed, brand identity, reputation and emotional links rely on values, beliefs and emotions which can hardly be copied or imitated by competitors.

3.3.1.3. Promotion

According to our respondents, promotion is used in order to increase brand awareness. *“promotion is useful for brand because it increases brand awareness and it attracts people in the store”* (interview 1). Additionally, our respondents suggest that promotion is particularly used as a support of innovation. That way, promotion activity is particularly high during product introduction phases as it increases product visibility. *“promotion can support innovation as it can really increase the visibility of the product in the store. Promotion can be used to encourage the consumer to try our products”* (interview 2).

Nevertheless, our study shows that monetary promotions cannot be used extensively as it makes the consumer price sensitive. *“Promotion creates a downward spiral where price becomes the only factor of focus. It makes the consumer price sensitive”* (interview 1). This is consistent with our literature review findings (Boulding *et al.*, 1994, Hoch 1996, Kumar, 2007).

3.3.1.4. Price

In the soft drinks industry, our respondents consider prices as a way to communicate a positioning. As we will see later, low prices constitute the main advantage of PL compared to NB in the market. Nevertheless, few temporary price moves are undertaken by manufacturers and PL. Indeed, our study shows that price moves are becoming less relevant. As we will see, one particularity of the soft drinks industry is that price elasticity is quite low and therefore, price moves have low repercussions on the sales of a product. *“the price elasticity of the market is really low. Therefore, a price increase or decrease will not have a great impact on the sales and consumers will still buy the brands”* (interview 5). Then, retailers are pressuring suppliers to decrease their prices, thus lowering the price gap between NB and PL. In that context, price decreases can hardly be used by manufacturers to differentiate in the market. *“the retailers are cutting the retail price of NB products and therefore, the price is no longer a true criteria for*

the shopper” (interview 4). Nevertheless, such price decreases are rather undertaken by retailers who decide to cut on their own margin in order to lower their in-store prices.

In conclusion, our study suggests that firms’s survival in the soft drinks market is highly dependent on innovation and advertising. First, advertising generates superior performance as it builds the brand identity, reputation and enables brands to connect with their consumers. Indeed, innovation enables firms to further differentiate by creating a better experience for the consumer and providing him with more choice, differentiated products and better quality. Importantly, our respondents undermine the need to combine innovation with promotion in order to increase the awareness and distribution of new products.

Now that we have identified what actions were the most relevant to generate superior performance, we will now specifically focus on PL and NB and how they act and react in the soft drinks industry.

3.3.2. PL imitators or serious challengers of NB?

In this part, we will focus on the specific strategies that PL and NB are currently implementing in the French soft drinks industry. The aim of this part is to understand how PL and NB compete against one another.

3.3.2.1. Competition style: direct competition versus wait and see attitude

NB and PL have very different competition styles as table 7 shows. Our results reveal that NB avoid direct competition moves and increasingly seek to differentiate from PL. On the contrary, PL are quite aggressive in the market and undertake direct competitive moves against NB.

Codification	Classification title	PL	NB
Theme 2	competitive dynamics	95	30
Category 2	competition style	4	5
Code 8	aggressive and direct competition	4	
meaning unit	PL' style of competition is aggressive	4	
Code 9	wait and see attitude		5
meaning unit	NB adopt a wait and see attitude		5

Table 7 : Comparing the competitive style of PL and NB (extract of appendix 5)

First, our study shows that NB have adopted an indirect style of competition, which is consistent with what Hoch (1996) had identified as the wait and do nothing response. Several reasons have been identifies to justify such style of competition. First, our respondents suggest that NB cannot compete directly with PL as it would hurt the collaboration with the retailers. *“it is quite difficult for NB brands to take direct actions against PL brands because they are owned by the*

distributors” (interview 2). Indeed, PL brands are owned by the retailers which also distribute NB products. Therefore, they decide on their assortments, shelf-allocation, merchandising orientations and so on. As a result, NB cannot compete directly against PL brands as it would mean fighting against their own clients. Additionally, our respondents generally consider that PL brands are not that big of a threat. Indeed, our study reveals that, in the soft drinks industry, the brand is the main motivator, thus favouring NB products. Moreover, our respondents suggest that PL and NB target very different consumers, and, for that reason, engaging in direct competition is not necessary. *“We really speak of two different types of shopper and therefore, I think that it will be difficult for PL brands to emerge”* (interview 6) *“Someone that buys a PL does not buy a NB and vice versa”* (interview 1). Although they do not compete directly against PL, NB undertake actions that seek to further differentiate them from PL as we will see in the next paragraph. This is, in all point, consistent with the study of Hoch (1996) focusing specifically on the competition of PL and NB in the US. The study concludes that *“big national brands that really want to remain both big and national should adopt a wait-and-see attitude while they vigorously pursue and invest in opportunities to distance themselves from the best private labels substitutes”* (Hoch, 1996: 100). This is also consistent with Chen *et al.* (1992) who suggest that firms can avoid direct competition in order to avoid rivalry escalation.

On the contrary, our study suggests that PL brands tend to be more aggressive and favours direct actions against NB. *“aggressive competition is in the DNA of the PL. They will keep imitating and making comparisons because this is how they survive”* (interview 6). Indeed, PL are particularly known for launching copycats that copy the characteristics of NB products. Moreover, PL brands also make aggressive promotions that compare PL and NB prices in order to advertise their cheaper positioning and attract price sensitive consumers.

In conclusion, NB and PL have different competition styles. PL are attacking NB directly through comparisons and imitations. In contrast, NB prefer the wait-and-see attitude and intend to increase the distance with PL brands through differentiation.

3.3.2.2. NB are actively seeking to differentiate in order to meet consumers’ needs

As we have seen, the market is premiumizing as consumers are seeking for quality and more natural, healthy and ecological products. As a result, NB are accelerating the differentiation of their offer in order to respond to new consumers’ needs. From our results, we can distinguish market leaders such as Coca-Cola or Pepsico with smaller NB players. The dominant strategy

of big players is differentiation. Indeed, these companies invest greatly in R&D and marketing, especially in advertising in order to innovate, improve the quality of their products and create a link with customers in the market.

According to our research, NB are connected with actions linked to innovation and advertising (see table 8 and appendix 5). Indeed, NB are linked 4 times with the code “build brand reputation” and 4 times with the code “product innovation”.

Codification	Classification title	PL	NB
Theme 2	competitive dynamics	101	29
Category 3	cost leadership strategy	20	
Code 10	imitation	13	
meaning unit	PL directly imitates NB	13	
Code 11	low price	7	
meaning unit	PL are cheaper	7	
Category 4	differentiation strategy	68	24
Subcategory 1	advertising	25	9
Code 12	build brand identity	15	
meaning unit	PL have to invest in advertising to build brand identity	13	
meaning unit	PL have to invest in advertising to connect with consumers	2	
Code 13	build brand reputation		4
meaning unit	NB maintain a link with consumer through advertising investment		4
Code 14	communicate on quality	2	
meaning unit	pl should communicate on their quality through advertising	2	
Code 15	connect with consumers	8	
meaning unit	PL have to invest in advertising to connect with consumers	6	
meaning unit	PL have to invest in marketing and advertising to connect with consumers	1	
meaning unit	PL have to invest in advertising to increase visibility	1	
Subcategory 2	innovation	43	8
Code 16	adapt to market trends	15	
meaning unit	pl adapt to market trends	8	
meaning unit	PL innovate	5	
meaning unit	PL react faster	2	
Code 17	packaging innovation	3	3
meaning unit	packaging as communication levers	2	1
meaning unit	brands should invest in differentiated packaging	1	2
Code 18	product innovation	6	4

meaning unit	NB innovate to differentiate		4
meaning unit	PL have improved their quality	4	
meaning unit	PL react faster	1	
meaning unit	PL invest in innovation to launch new products, improve their products or processes	1	
Code 19	quality improvement	19	1
meaning unit	PL have improved their quality	12	
meaning unit	PL are premiumizing	5	
meaning unit	consumers seek product quality	1	1
meaning unit	PL react faster	1	
Subcategory 3	promotion		7
Code 20	create brand awareness		7
meaning unit	promotion increases brand awareness and increases innovations' visibility		6
meaning unit	promotion makes the consumer price sensitive		1
Category 5	positioning	9	
Code 21	maintain inferior positioning	6	
meaning unit	pl should maintain their low cost positioning	6	
Code 22	shift to superior positioning	3	
meaning unit	PL are upgrading their positioning	3	
TOTAL	TOTAL	95	30

Table 8 : PL and NB have different competitive strategies (extract of appendix 5)

Our respondents suggest that NB differentiate with the quality of their products. *“in the mind of consumers, the real taste of cola is Coca-Cola and for that reason, they generally prefer buying a Coca-Cola than a private label”* (interview 5). *“I think that NB have to keep investing in quality and also on advertising in order to communicate on this”* (interview 3). Therefore, product characteristics play a distinctive role in the soft drinks industry and NB are making efforts to maintain the quality of their products in order to guarantee the experience of their consumers. Such results are consistent with Hoch (1996) which suggests that big national brands ought to provide high quality products and then advertise on the quality.

Additionally, market leaders use constant streams of innovations in order to create actuality and respond to the accentuated need for choice and differentiation of both consumers and retailers. *“I believe that innovation is also key and NB brands have to keep investing in R&D in order to fully be aware of the trends and of the consumers' needs”*(interview 1). *Innovation and communication are key because it creates actuality and it directly connects the brands to its*

shoppers (interview 5). Indeed, as suggested earlier NB innovate to differentiate and better connect with the consumer. This is also relevant with Hoch (1996) which argues that multinational brands have to focus on new product innovation.

Then, advertising represents a priority for NB. As we have seen, consumers are looking for brands that connect with their values. Additionally, brands represents a competitive advantage in the market. Therefore, our results suggest that NB have to maintain their investments in the brand in order to survive. Our respondents suggest that advertising is absolutely necessary to communicate the identity of the brand and create an emotional link with the consumer. *“NB can especially differentiate through advertising because it creates brand love, reputation and it creates experience around the consumption of the product”* (interview 3). *“Then NB have to maintain their investments in advertising in order to maintain the identity of the brand and the link with the consumer”* (interview 4). Big multinational players generally invest massively in order to target the consumers at different reach points and stay in his mind. *“I think it is important for NB to communicate in the stores through trade marketing, sampling sessions etc. it is through those marketing actions that NB stay in the mind of the consumer”* (interview 5). Those results are consistent with Hoch (1996) who suggests that NB have to make *“long-term investment in advertising”* (Hoch, 1996:101).

Additionally, smaller brands are growing really fast in the soft drinks industry. As suggested by our results, they further differentiate and possess a niche positioning. *“there is a rising importance of smaller brands in the market. For example, there are more and more craft products in the FMCG category”* (interview 6). Those smaller brands have less monetary resources than NB so they can hardly use massive advertising campaigns. Still, they capitalize on their brand identity, their values and their distinctive product and packing characteristics in order to seduce consumers. *“in some way, smaller brands can really challenge bigger multinational brands through their values and what they stand for”*. (interview 6). *“Those smaller brands can communicate those values through their packagings and therefore, they can reach the consumer that way”*(interview 6).

Lastly, NB also use promotion activity in order to increase their brand awareness and support their product introductions. NB are linked 7 times with the subcategory promotion (see table 8). *“Promotion increases brand awareness and visibility in the market. NB especially use it in order to increase the visibility of their innovations”* (interview 5). This result is coherent with Hoch (1996) that suggest that NB have to enhance the traffic within retailers. Indeed,

promotions are a way to generate traffic in the store and therefore they can maintain the collaboration between the retailer and the manufacturer.

In conclusion, NB actively seek to differentiate in the soft drinks industry. The key priorities for NB are to maintain their investment in innovation and in their brands through advertising as those actions enable them to increase the distance from PL in the market. Nevertheless, our study shows that PL brands are also able to react to NB's moves.

3.3.2.3. PL are agile followers ...

Our study highlights that several types of PL exist in the soft drinks industry and they possess different positioning. First, economics PL are fully engaged in the cost leadership strategy. Those economic PL seek to reduce their costs as much as possible in order to offer the lowest-priced products of the segment. Then, retailers have a core range of PL brands that position themselves as the cheaper alternative to PL products. As we have seen, those PL brands merely consist of copycats that benefit from economies of scale and low investments in marketing, thus enabling them to offer comparable products at a lower price. Considering table 8, we see that PL brands are connected 7 times to the code "low price".

Then, our results suggest that PL brands imitate NB products. Considering table 8, PL are linked 13 times with the code imitation. PL brands are mostly connected to imitation. Also, the condensed meaning unit "PL imitate directly NB" was used the most (see appendix 6). "*They do not try to differentiate, they chose to copy the same thing. They keep their role of follower*" (interview 3). "*NB innovate and go first and then PL brands arrive with a me-too product*" (interview 5). Indeed, our respondents suggest that PL brands generally wait for NB to absorb the risks of innovation. Then, PL brands arrive later with a copycat when they are sure that the innovation is relevant.

Additionally, our results show that PL's brands agility is often linked to imitation "*PL brands have the potential to challenge us because they are really agile, flexible and therefore they are really quick in imitating, launching products and following trends*" (interview 5). Therefore, such adaption capability is perceived as quite threatening by most of our respondents as it depicts an ability to adapt faster to market trends "*It can be a good tactic for them to be as much flexible and agile as it can be in order to launch products before big brands*" (interview 6). Nonetheless, some of our respondents suggested that such agility was also linked with innovation. Considering table 8, we see that PL brands are linked 15 times with the code "adapt to market trends" and 19 times with quality improvements". Indeed, they considered that such

agility capability demonstrated a capacity to innovate. *“they are able to imitate NB brands very quickly and this was not the case a few years ago. They are extremely quick to copy”* (interview 1). This is consistent with Abril and Martos-Portal (2013) who suggest that PL brands are able to react faster to NB new product introductions.

Lastly, our study also suggests the growth of premium PL brands. Contrarily to low-cost PL, premium PL seek to differentiate through better quality products and a fast adaptation to market trends.

3.3.2.4. The positioning of PL brands is shifting towards premiumization

Our study suggest that premium PL are growing within the soft drinks industry. Those premium PL distinguishes through innovation, and more specifically quality improvements and a better focus on market trends.

First of all, our study suggests the premiumization of PL brands. Indeed, PL brands are particularly connected with innovation codes, more specifically “quality improvements” and “adapt to market trends” (see table 6 and 8). More precisely, most of our respondents have highlighted that PL brands’s quality has considerably improved. The condensed meaning unit “PL have improved their quality” ranks at the first position (see appendix 7). *“PL products’ quality is clearly comparable to NB products and their price is lower than NB’s”* (interview 2). *“PL brands have put a lot of focus in improving their quality and today we can say that their products are comparable to NB products”*(interview 7). Those statements clearly reflect the strategy of PL to improve their offer and the consumer experience with their products. Also, one remaining advantage of PL brands is that they manage to improve their quality but their prices are still lower than NB. Our results are consistent with academic studies which explains the rise of PL brands in most mature economies through their premiumization (Quelch and Harding, 1996; Hoch, 1996; Verhoef *et al.* 2002; Kumar, 2007).

Moreover, our results clearly show a greater tendency for PL to innovate in the soft drinks industry. First of all, PL brands are particularly connected with the code “adapt to market trends” (see table 6 and 8). Indeed, our respondents suggest that PL brands are dedicating more time to study market trends. *“Therefore, PL have developed in R&D and they listen more to market trends”* (interview 1). *“PL brands are offering ecological products, local products etc. and this shows that they are able to follow the trends”*. Again, our respondents have particularly undermined the flexibility and adaption capability of PL brands to market trends. Moreover, PL brands possess brands managers which analyse market trends and seek new opportunities

in the market. Additionally, PL brands also use panellist data in order to better analyse consumer and market trends. *“we have product managers in charge of developing PL products just like for NB. Therefore, they have access to market datas, professional journals, consumer datas”* (interview 7). Moreover, PL brands work with agencies that help them identify new market trends. *“they also work with trends agency so they are able to respond very fast to new consumer needs in the market”*.(interview 7).

Lastly, some of our respondents suggest that PL are able to launch distinctive product innovations. *“PL brands are able to innovate quickly and in some cases, they are also able to launch new flavours before industrials”* (interview 2). This is also demonstrated by the appearance of differentiated PL offers, especially within the organic segment within the soft drinks industry. *“PL brands are offering ecological products, local products etc. and this shows that they are able to follow the trends”* (interview 5).

In conclusion, our study shows that PL are still mainly copying NB within the soft drinks industry. Nevertheless, there is a rise of premium PL brands in the market which offer differentiated, qualitative products that better adapt to market trends. In that context, the next challenge for PL brands consists of building an identity in the eye of the consumer.

3.3.2.5. Building an identity: the next challenge of PL brands

Our study clearly shows that PL brands have begun to shift their positioning towards more premium products. PL have notably improved their quality and allocate more resources to market studies. Despite all those improvements, our results show that consumer still favour NB in the soft drinks industry. *“The soft drink industry is quite an exception because the brands really motivates the choice of the consumer and for that reason, PL products sell less than in other categories”* (interview 5).

As our results suggest in table 9, PL brands do not invest as much as NB in marketing activities such as advertising. Indeed, all meaning units linked with the subcategory advertising and PL products highlight their lack of investment in marketing. The condensed meaning units *“PL have to invest in advertising to build brand identity”* was particularly used during the codification (see table 9 and see appendix 7). Indeed, our respondents suggest that *“the main challenge today for PL brands is the construction of an identity so that the consumer can better understand the brand and its role in the market”*(interview 4). *“Therefore, the main challenge today for PL brands is the construction of an identity so that the consumer can better understand the brand and its role in the market”* (interview 7). Indeed, PL brands make cost

economies because they have very limited investments in marketing. As a result, PL brands have not been able to construct a real identity within the soft drinks industry. *“If PL brands invested more in marketing and in advertising to communicate on their brands, I think they would be more challenging”* (interview 3). As related by our respondents, without advertising, PL’s brands values, history and images are invisible to the consumers. Moreover, lower investments in marketing cannot improve the brand awareness and the visibility of PL brands’ innovations and quality improvements.

Codification	Classification title	PL	NB
Theme 2	competitive dynamics	101	29
Category 4	differentiation strategy	68	24
Subcategory 1	advertising	25	9
Code 12	build brand identity	15	
meaning unit	PL have to invest in advertising to build brand identity	13	
meaning unit	PL have to invest in advertising to connect with consumers	2	
Code 13	build brand reputation		4
meaning unit	NB maintain a link with consumer through advertising investment		4
Code 14	communicate on quality	2	
meaning unit	pl should communicate on their quality through advertising	2	
Code 15	connect with consumers	8	
meaning unit	PL have to invest in advertising to connect with consumers	6	
meaning unit	PL have to invest in marketing and advertising to connect with consumers	1	
meaning unit	PL have to invest in advertising to increase visibility	1	

Table 9 : Building an identity: a challenge for PL

Lastly, as PL do not invest in marketing, they do not connect with consumers and therefore they do not benefit from the same brand preference as NB products. Considering table 9, PL are connected 8 times with the code “connect with consumers”. In summary, consumers are not aware of PL’s improvements and product launches in the market. As our study suggest, consumers still perceive PL brands as low-quality copycats. *“People are reluctant to buy PL products because they have a negative perception of those products. They think the quality will not be as good as the NB products”*(interview 7). *“we simply have the perception that they only produce copycats and they do not try to innovate”* (interview 2).

In conclusion, PL brands’ main disadvantage versus NB is their lack of identity. PL brands do not invest much in advertising. As a result, they do not manage to build a reputation, an identity

and a connection with their consumers. Nevertheless, we could argue that this challenge depends also highly on the retailers' positioning.

3.3.2.6. Is the future of PL brands in the hand of the retailer?

As we have seen, PL brands are undergoing several changes characterized by the premiumization of their offer. Nonetheless, PL's improvements in innovation and in quality are counterbalanced by low investments in advertising. As a result, PL are missing an identity and they have not managed to improve their reputation and brand awareness in the market. The soft drinks industry specifically rewards strong brands and therefore, PL's chance of emerging as bigger players is quite small without stronger investments in marketing. As PL brands are owned by the retailers, it seems fair to say that PL brands future development will most likely depend on the retailers' strategy (see table 10).

Codification	Classification title	market
Theme 3	market	53
Category 6	market characteristics	53
Code 25	retailer positioning	21
meaning unit	retailer positioning affects PL positioning	11
meaning unit	retailer use PL brands to win consumer's loyalty	5
meaning unit	retailer use PL brands to differentiate	3
meaning unit	pl are profitable	2
TOTAL		53

Table 10 : Retailers' positioning affect PL brands' positioning (extract from appendix 6).

First, our study reveals that a shift of positioning might be more complicated for PL brands considering their business model and their perceived role in the market. Indeed, our study has shown that PL brands benefit from cost economies, thus making them extremely profitable for the retailer. In that context, respondents argue that increasing investments in advertising and in marketing would increase their costs. As a result, retailers would automatically increase their prices in order to preserve their margins. Such price increases could result in consumer losses for the PL brands. *“So if they invest in marketing, it will increase their costs and therefore they will have to raise their price in order to stay profitable. Therefore, the price gap between PL brands and NB will be reduced and they would probably lose consumers”* (interview 3). *“I think the consumer would not understand if the PL brands had higher prices because they do less than NB in terms of investments”*(interview 5). As a result, retailers have to decide whether or not the role of their PL is to be comparable brands to NB.

Interestingly, our results show that the retailer positioning highly influences the positioning of the brands (see table 10). The growth of premium PL brands with a true identity depend on the retailers' strategy. For example, retailers implementing a differentiation strategy will seek to differentiate their PL brands. *“But this requires investments and they might not be willing to pay for that. But it also depends on the retail channels as some really invest more in their PL brands”*. (interview 3). Indeed, some retailers will keep on developing their PL brands because they are profitable but they will not further differentiate their products. On the contrary, Monoprix a French retailer, considers PL brands as real brands. Their offer is differentiated and they communicate their positioning and quality through a distinctive packaging. Such differentiation moves is also followed by the Carrefour group which has allocated more resources to the development of PL brands. The hard discounters also play an important role in the growth of PL brands. These retail channel are growing in France as they particularly advocate their quality and their low prices to the consumers. These retails stores mainly have PL brands in their assortments and therefore, they convey the idea to the consumers that PL brands can be as premium as NB. Also, they show to other retailers that PL brands can constitute a strength in their assortments. Such results seems to suggest that PL brands might have a comparable role to NB today. Indeed, if PL brands keep innovating, improving their quality and start building an identity through advertising, we believe that they can really be comparable to NB and they will soon be considered as real brands by the consumers.

Then, our results suggest that PL brands can represent a strength in the assortment of a retailer (see table 10). As PL products are specific to a retailer, they can help the latter to differentiate from other its relative competitors. Then, our results suggest that, PL brands can be a way for the retailers to win the consumer's loyalty which might convince retailers to further invest in their PL brands. *“Retail channels can increase consumer's loyalty through the price, the offer and PL brands. So if you think that way, it makes sense to invest on your PL brand.”*(Interview 2). *“I really think that retailers can use PL to win consumer's loyalty”* (interview 5).

To conclude, our results seem to suggest that PL brands and NB are complementary for the retailer. NB act as traffic builder and they attract the consumers within the stores through their identity, reputation, connection with the consumer and differentiated offer. On the contrary, PL brands' business model is designed to offer cheaper product alternatives to NB products, thus offering more profitability to the retailer. Nevertheless, a shift in the positioning of PL brands has operated with the growth of more qualitative and premium products. Despite this apparent will for premiumization, further efforts have to be made in order to really compare PL brands

to NB brands. The main challenge of PL brands consists in building an identity and connecting with the consumers. The retailers will play a determinant role in achieving or not this objective. Moreover, the specificities of the French soft drinks industry explain the difficulty of PL brands to rise. Indeed, brands are particularly strong and remain the first criteria of choice for the consumers. These market characteristics along with the competitive dynamics in the industry highlight the challenge for the developments of PL brands.

Chapter 5: Implication to practice

We will now make recommendations for both PL and brand managers in order to address those challenges. First, PL's main disadvantage in the market consists in their absence of identity. As we have identified in our results, the consumers are looking for brands and more specifically, they are looking for values they can connect with. Therefore, building an identity is key in the soft drinks industry. In most cases, PL brands have not been able to create such identity because retailers have made little investments in marketing and in advertising for their PL brands. In contrast, we suggest that PL brands should invest more in advertising in order to communicate on the quality of their products. Without advertising, the quality improvements that PL have made are simply invisible. Moreover, advertising is key to create the story around the brand. Advertising would enable PL to build an identity and communicate their values to the consumers, thus ensuring the creation of an emotional link. Lastly, PL are increasingly innovating in the market and as a result, they need to increase the visibility of their products. Several levers can be used. PL brands can use traditional advertising campaigns but they could also use digital marketing, CRM programs or social medias in order to reach their consumers at different moments and increase the number of interactions. In other categories, some PL brands have particularly been successful at creating an identity. As one of our respondents suggest, Lidl has been able to create a true identity around its cream brand Cien. The retail store chose a brand ambassador to give a face and an identity to the brand and consistently communicated on the superior value proposition. Such moves could be considered by PL brands, especially through their offer of ecological and natural products. Also, we strongly believe that building an identity also depends on innovation. Indeed, until now, most PL brands merely copied NB products. We believe that PL brands have to speak for themselves and they should launch their own ideas in the market. We consider that PL should launch their products in new developing markets. Indeed, such markets are interesting for their potential but also because few players have entered. The agility of PL brands is especially interesting because it enables them to move faster than big multinational brands and therefore, to sustain their first mover advantage longer. As one respondent suggests, PL brands could target markets such as the ecological, craft or local beverages which are growing extensively in the soft drinks industry. Lastly, PL brands can communicate their identity through a distinctive packaging in order to further differentiate from NB products.

Considering NB brands, we believe that they should maintain a wait and see strategy. Nevertheless, NB brands have to be careful not to become passive competitors. We believe that

they have to undertake indirect actions in order to compete against PL. Those indirect actions consists of maintaining their investment in the brands and in innovation in order to increase the distance with PL products. Innovation is absolutely key because it creates actuality around the brand name and improve the consumer experience. Nevertheless, our studies have proven that complex innovations such as introducing a new format or a new product concept were to be favoured in order to impede imitation. NB also have to maintain their investment in advertising in order to preserve their identity and their connection with the consumer. Moreover, NB have to invest more in growing retailers such as e-commerce and hard-discounters. Finally, NB brands have to use promotion wisely, that is to say during their product launches in order to increase brand awareness and the distribution of their products. Lastly, like PL brands, NB have to invest in developing segments in order to capture growth opportunities and recruit new consumers. Such necessity, is likely to be problematic for bigger players whose structure does not allow the same flexibility and agility as smaller players.

In conclusion, both NB and PL have challenges to address in the soft drinks industry. NB have to maintain their investments in innovation and in advertising. Also, as the market is asking for differentiation, NB, and especially market leaders will have to become more agile in order to adapt faster to market changes. Then, PL brands have to build an identity if they want to become bigger players in the market. This implies stronger investments in advertising and in innovation. This suggests that the retailers' positioning will have a strong influence on PL's future positioning and role in the market. Nevertheless, as consumers are looking for more premium products, we believe that this will encourage retailers to develop their PL brands and upgrade their positioning.

Conclusions

To conclude, our study highlights that competitive dynamics are determinant in order to understand how firms build superior performance in an industry.

First, NB adopt a wait and see attitude and they rather seek to increase the distance from PL brands. Our study shows that NB follow a differentiation strategy focusing on innovation, advertising and improving quality. Most importantly advertising investments are crucial for NB as it enables them to build an identity and create an emotional link with the consumers. In contrast, our study reveals that most PL's business model is designed to offer cheaper product alternatives to the consumers. Indeed, the core offer of PL brands competes on low prices. Their business model is particularly agile and it allows PL brands to attack NB brands through imitations. Nevertheless, our study suggests that PL brands are steadily shifting their focus towards premiumization. The quality of PL brands has particularly improved over the years and PL brands are actively seeking to innovate in the market.

Nevertheless, PL brands have to make efforts in order to be considered as real challengers by NB, especially market leaders. The main challenge for PL brands consists in building an identity. Indeed, one specificity of the French soft drinks industry is that brands are the first criteria of choice for the consumers. In other words, consumers are looking for brands and this highlights the importance for market players to increase brand awareness and brand preference. As a result, PL brands have to invest more in advertising in order to advocate the quality of their products, increase brand awareness and create a link with the consumers. Additionally, consumers are actively seeking for quality and natural, healthy and organic products. Therefore, PL brands have to keep innovating and improving their product quality in order to respond to more demanding consumers.

Nevertheless, the future positioning and role of PL brands in the market will highly depend on the retailers' strategy. Indeed, such shift of positioning implies that retailers invest more in their PL brands through advertising, innovation and quality improvements. Those actions are likely to increase the price of PL and therefore, their positioning and role in the market. We expect that PL brands will follow their premiumization trend in the future for several reasons. First, in the French FMCG industry, consumers are more demanding and seek to consume better products. That way, consumers are looking for differentiated products and more specifically, they are seeking more natural, healthy and premium products. As a result, retailers will have to provide more choice and quality to their consumers. Most importantly, PL brands are specific to the retailer' offer and as a result, retailers can differentiate through their PL products. Lastly,

the current price war and the low elasticity level in the soft drinks industry force PL brands to compete on other criteria than their price. In that context, we argue that premium PL brands will further develop in the French soft drinks industry. Therefore, although PL brands cannot be compared to NB today, we believe that this will probably change as investments in innovation, advertising and quality will increase. Lastly, we believe that the future development of PL brands will also depend on consumers' perceptions and on their willingness to buy premium PL products. It is specifically for that reason that retailers have to build trust between their PL brands and their consumers.

Nonetheless, our study has some limitations. First, the results cannot be generalized as they specifically focus on the soft drinks industry. Therefore, our recommendations might not be relevant for other industries within the FMCG market. Also, our study reveals that the retailer's positioning particularly influences the strategy of PL brands. In that context, it would be interesting to further study the role of the retailer in the future development of PL brands. Indeed, retailers' positioning are different within the soft drinks industry and therefore, we need more studies in order to compare the performance of PL and NB depending on the retailers' positioning. Also, our study suggests that brands are particularly important in the soft drinks industry and that they seek to connect with the brand values. As a result, it would be interesting to study the consumer profile of both PL and NB as well as their perceptions of PL products. Indeed, given the premiumization trend, it might be interesting to understand how consumers perceive premium PL products compared to NB products. Lastly, our objective was to make recommendations specific to the soft drinks industry. It would be interesting to compare the evolution of PL brands in the soft drinks industry with other categories, especially in order to identify common challenges and best practices.

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Annexes

Question number	Theoretical concepts of focus	Question
1)		Presentation of interviewer and respondent Presentation of the subject and its objective Presentation of the characteristics of the interview (audio recorder, confidentiality)
2)	Competitive advantage RBV Dynamic capabilities Action based theory	Theme : competitive advantage What is the competitive advantage of PL brands versus NB brands and how do their build it?
3)	Competitive dynamic Tactics (innovation, product quality improvement, advertising, brand identity, promotion, price) Differentiation strategy Cost-leadership strategy Focus strategy	Theme : study of competitive dynamics - What motivates PL and NB to differentiate in the market? - How PL and NB differentiate in the industry? Through which levers? - What do you think of PL's role in the market? - Do you think that PL are able to innovate? What about NB? - PL brands are able to copy extremely quickly. Are flexibility and adaptability of PL a threat for NB ? Does agility triggers innovation? - What do you think of the role of advertising? Do PL and NB differentiate through advertising? - Is there a premiumization of PL brands in the soft drinks industry? - What do you think of PL and NB's style of competition?
4)		End of the interview – acknowledgments

Annexe 1 : Interview guide

Theme 1	competitive advantage	Classify all data linked with the construction of a competitive advantage
Category 1	resources and capability	Classification of resources and capabilities involved in the construction of a competitive advantage
code 1	agility	Advantage linked with the firms' capability of adapting quickly to new trends, consumer's needs, shopping behaviours
code 2	brand	Advantage linked with the brand (identity, values, history)
code 3	brand reputation	Advantage linked with the reputation
code 4	cost economies	Advantage linked with cost economies during the value chain activities
code 5	innovation capability	Advantage linked with the innovation capability (product, process, packaging)
code 6	product quality	Advantage linked with product quality
code 7	relationship with retailer	Advantage generated by the supplier linkage
Theme 2	competitive dynamics	Classify all data linked with 'actions and reactions from PL And NB
Category 2	competition style	Classify all data linked with competition style
Code 8	aggressive and direct competition	Include all actions and reactions representing an aggressive and direct style of competition (imitation, comparative promotion, etc.)
Code 9	wait and see attitude	All actions and reactions showing a wait and see attitude (doing nothing, not answering competitive moves)
Category 3	cost leadership strategy	Classify all actions and reactions linked with a cost leadership strategy
Code 10	low price	All actions and reactions linked with a low price (offering a cheaper alternative)
Code 11	imitation	All reactions linked with product imitation
Category 4	differentiation strategy	Classify all actions and reactions linked with a differentiation strategy
Subcategory 1	advertising	All actions and reactions linked with advertising
Code 12	build brand identity	All actions and reactions aiming at building or maintaining a brand identity
Code 13	build brand reputation	All actions and reactions aiming at building or maintaining brand reputation
Code 14	communicate on quality	All actions and reactions linked with quality communication
Code 15	connect with consumers	All actions and reactions aiming at building or maintaining a link with consumers
Subcategory 2	innovation	Classify all actions and reactions linked with innovation
Code 16	adapt to market trends	All actions and reactions that seek to analyse and follow trends prior to innovation

Code 17	packaging innovation	All actions and reactions linked with packaging innovation (colour, format, shape etc.)
Code 18	product innovation	All actions and reaction linked with product innovation (new flavour, taste, ingredients etc.)
Code 19	quality improvement	All actions and reactions linked with quality improvement
Subcategory 3	promotion	All actions and reactions linked with promotion activity
Code 20	create brand awareness	All actions and reactions aiming at creating brand awareness
Category 5	positioning	Classify all data linked with PL' role in the industry
Code 21	maintain inferior positioning	All data linked with maintaining inferior positioning
Code 22	shift to superior positioning	All data linked with a shift towards a positioning upgrade (superior product quality, innovation)
Theme 3	market	Classify all the data relative to market trend
Category 6	market characteristics	Classify all the data relative to market, consumer and retailer positioning
Code 23	consumer	Classify all the data relative to consumers trends (motivation, needs, behaviours etc)
Code 24	market	All data linked with market structure
Code 25	retailer positioning	Classify all the data relative to retailer positioning

Annexe 2 : Codification list

Note: for appendix 3,4,5,6 and 7, the numbers represent the number of times a meaning unit is linked with a code. Therefore, they consist of the number of occurrences for each code. For example, agility is linked 14 times with PL (appendix 3).

Codification	Classification title	PL	NB	market
Theme 1	competitive advantage	31	28	
Category 1	resources and capability	31	28	
code 1	agility	14		
code 2	brand	3	6	
code 3	brand reputation	1	16	
code 4	cost economies	9		
code 5	innovation capability	1	5	
code 6	product quality	1	1	
code 7	relationship with retailer	2		
Theme 2	competitive dynamics	101	29	
Category 2	competition style	4	5	
Code 8	aggressive and direct competition	4		
Code 9	wait and see attitude		5	
Category 3	cost leadership strategy	20		
Code 10	imitation	13		

Code 11	low price	7		
Category 4	differentiation strategy	68	24	
Subcategory 1	advertising	25	9	
Code 12	build brand identity	15		
Code 13	build brand reputation		4	
Code 14	communicate on quality	2		
Code 15	connect with consumers	8		
Subcategory 2	innovation	43	8	
Code 16	adapt to market trends	15		
Code 17	packaging innovation	3	3	
Code 18	product innovation	6	4	
Code 19	quality improvement	19	1	
Subcategory 3	promotion		7	
Code 20	create brand awareness		7	
Category 5	positioning	9		
Code 21	maintain inferior positioning	6		
Code 22	shift to superior positioning	3		
Theme 3	market			53
Category 6	market characteristics			53
Code 23	consumer			29
Code 24	market			3
Code 25	retailer positioning			21
TOTAL		132	53	53

Annexe 3 : Presentation of the results

Codification	Classification title	PL	NB
Theme 1	competitive advantage	31	28
Category 1	resources and capability	31	28
code 1	agility	14	
meaning unit	PL are agile	10	
meaning unit	pl study market trends	1	
meaning unit	PL react faster	1	
meaning unit	agility is a competitive advantage	1	
meaning unit	PL directly imitates NB	1	
code 2	brand	3	6
meaning unit	brands connect with consumers through their values		3
meaning unit	reputation is an advantage for NB to differentiate from PL	2	1
meaning unit	PL do not have brand identity	1	
meaning unit	companies differentiate through their values		1
meaning unit	consumer are looking for brands		1
code 3	brand reputation	1	16
meaning unit	consumer are looking for brands	1	10
meaning unit	reputation is an advantage for NB to differentiate from PL		6
code 4	cost economies	9	
meaning unit	PL do not invest in marketing and advertising	5	
meaning unit	PL have economies of scale	2	
meaning unit	less investment in quality	1	
meaning unit	pl are profitable	1	
code 5	innovation capability	1	5
meaning unit	brands differentiate through their innovation capability	1	5
code 6	product quality	1	1
meaning unit	consumers seek product quality	1	1
code 7	relationship with retailer	2	
meaning unit	PL benefit from a better shelf allocation thanks to their relationship with the retailer	2	
TOTAL		31	28

Annexe 4 : List of the condensed meaning units linked with competitive advantage

Codification	Classification title	PL	NB
Theme 2	competitive dynamics	101	29
Category 2	competition style	4	5
Code 8	aggressive and direct competition	4	
meaning unit	PL' style of competition is aggressive	4	
Code 9	wait and see attitude		5
meaning unit	NB adopt a wait and see attitude		5
Category 3	cost leadership strategy	20	
Code 10	imitation	13	
meaning unit	PL directly imitates NB	13	
Code 11	low price	7	
meaning unit	PL are cheaper	7	
Category 4	differentiation strategy	68	24
Subcategory 1	advertising	25	9
Code 12	build brand identity	15	
meaning unit	PL have to invest in advertising to build brand identity	13	
meaning unit	PL have to invest in advertising to connect with consumers	2	
Code 13	build brand reputation		4
meaning unit	NB maintain a link with consumer through advertising investment		4
Code 14	communicate on quality	2	
meaning unit	pl should communicate on their quality through advertising	2	
Code 15	connect with consumers	8	0
meaning unit	PL have to invest in advertising to connect with consumers	6	
meaning unit	PL have to invest in marketing and advertising to connect with consumers	1	
meaning unit	PL have to invest in advertising to increase visibility	1	
Subcategory 2	innovation	43	8
Code 16	adapt to market trends	15	
meaning unit	pl adapt to market trends	8	
meaning unit	PL innovate	5	
meaning unit	PL react faster	2	
Code 17	packaging innovation	3	3
meaning unit	packaging as communication levers	2	1
meaning unit	brands should invest in differentiated packaging	1	2
Code 18	product innovation	6	4
meaning unit	NB innovate to differentiate		4

meaning unit	PL have improved their quality	4	
meaning unit	PL react faster	1	
meaning unit	PL invest in innovation to launch new products, improve their products or processes	1	
Code 19	quality improvement	19	1
meaning unit	PL have improved their quality	12	
meaning unit	PL are premiumizing	5	
meaning unit	consumers seek product quality	1	1
meaning unit	PL react faster	1	
Subcategory 3	promotion		7
Code 20	create brand awareness		7
meaning unit	promotion increases brand awareness and increases innovations' visibility		6
meaning unit	promotion makes the consumer price sensitive		1
Category 5	positioning	9	
Code 21	maintain inferior positioning	6	
meaning unit	pl should maintain their low cost positioning	6	
Code 22	shift to superior positioning	3	
meaning unit	PL are upgrading their positioning	3	
TOTAL	TOTAL	95	30

Annexe 5 : List of the condensed meaning units linked with competitive dynamics

Codification	Classification title	market
Theme 3	market	53
Category 6	market characteristics	53
Code 23	consumer	29
meaning unit	consumer seek to connect with the brand value	13
meaning unit	consumers seek product quality	8
meaning unit	NB and PL consumers are different	2
meaning unit	consumer are looking for brands	2
meaning unit	consumer seek distinctive packaging	1

meaning unit	reputation is an advantage for NB to differentiate from PL	1
meaning unit	brands connect with consumers through their values	1
meaning unit	consumer use products to show their status to other	1
Theme 3	market	3
meaning unit	low elasticity favors NB over PL	1
meaning unit	the price gap between NB and PL is lowering	1
meaning unit	the market is premiumizing	1
Code 25	retailer positioning	21
meaning unit	retailer positioning affects PL positioning	11
meaning unit	retailer use PL brands to win consumer's loyalty	5
meaning unit	retailer use PL brands to differentiate	3
meaning unit	pl are profitable	2
TOTAL		53

Annexe 6 : List of condensed meaning units linked with market trends

Rank	Classification title	PL	NB	market	TOTAL
1	PL have improved their quality	16			16
2	consumer are looking for brands	1	11	2	14
2	PL directly imitates NB	14			14
3	PL have to invest in advertising to build brand identity	11	2		13
3	consumer seek to connect with the brand value			13	13
4	consumers seek product quality	2	2	8	12
5	retailer positioning affects PL positioning			11	11
6	PL are agile	10			10
6	reputation is an advantage for NB to differentiate from PL	2	7	1	10
7	PL have to invest in advertising to connect with consumers	6	2		8
7	pl adapt to market trends	8			8
8	PL are cheaper	7			7
9	brands differentiate through their innovation capability	1	5		6
9	pl should maintain their low cost positioning	6			6
9	promotion increases brand awareness and increases innovations' visibility		6		6
10	PL react faster	5			5
10	PL innovate	5			5
10	PL are premiumizing	4	1		5
10	PL do not invest in marketing and advertising	5			5
10	NB adopt a wait and see attitude		5		5
10	retailer use PL brands to win consumer's loyalty			5	5
11	NB innovate to differentiate		4		4
11	brands connect with consumers through their values		3	1	4
11	PL' style of competition is aggressive	4			4
11	NB maintain a link with consumer through advertising investment		4		4
12	retailer use PL brands to differentiate			3	3

12	packaging as communication levers	2	1		3
12	brands should invest in differentiated packaging	1	2		3
12	pl are profitable	1		2	3
12	PL are upgrading their positioning	3			3
13	pl should communicate on their quality through advertising	1	1		2
13	NB and PL consumers are different			2	2
13	PL have economies of scale	2			2
13	PL benefit from a better shelf allocation thanks to their relationship with the retailer	2			2
14	promotion makes the consumer price sensitive		1		1
14	PL invest in innovation to launch new products, improve their products or processes	1			1
14	PL have to invest in marketing and advertising to connect with consumers	1			1
14	less investment in quality	1			1
14	the market is premiumizing			1	1
14	low elasticity favours NB over PL			1	1
14	PL have to invest in advertising to increase visibility	1			1
14	companies differentiate through their values		1		1
14	consumer seek distinctive packaging			1	1
14	pl study market trends	1			1
14	consumer use products to show their status to other			1	1
14	the price gap between NB and PL is lowering			1	1
14	agility is a competitive advantage	1			1
14	PL do not have brand identity	1			1
	TOTAL	126	58	53	237

Annexe 7 : Synthesis of the condensed meaning units

Interview 1

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes.

Interviewer: What is the competitive advantage of PL brands versus NB brands and how do they build it?

Well, I think the main advantage of PL is the price as most of the time, their products are cheaper than NB products. Another advantage that they have is that they are able to imitate NB brands very quickly and this was not the case a few years ago. They are extremely quick to copy. That is to say that when NB brands launch a new product, it only takes one month or two for PL brands to launch a copycat. And the fact is that they imitate faster the quality and taste of their products is getting closer to NB products. So basically, their quality is improving and they are challenging NB brands. But their innovation is quite limited and they have not been able to launch products that stand out in the market yet. They just copy the tastes and the best-selling format by industrials.

Interviewer: And according to you, if PL improve their quality, does this mean that they are also able to innovate? What do you think?

Yes in a way they are innovating because improving the quality of your product also means that you have to improve your processes of production, or maybe find a supplier with better standards of production. And this is challenging for NB brands because it pushes them to find new innovations.

Interviewer: If we consider the example of colas made with stevia, the first industrial to launch such product was Leclerc with its PL brands Jean's cola. What do you think of this?

Well it's a good example of PL's innovation capacity. Indeed, they were the first ones to launch such a product and the interesting fact is that a few years later, Coca-Cola followed and launch a cola with stevia and we copied the colour of the label. Indeed, the Jean's cola label was green and then we produced a comparable cola with a green label. Nevertheless, I don't think that PL's capacity of innovating is that high. According to me, retailers first seek to increase their

margin and they can do it through the production of PL brands that will provide a cheaper alternative to the consumer. Except from this exception, most of the time, PL brands simply offer copycats that copy tastes, colours, packaging and format that already exist in the market. For example, in the non-sparkling category, the main format is 2 liters and Oasis is the leader. This explain why PL are present in this category with 2l bottles, with the same colour, the same packaging. They do not try to differentiate, they chose to copy the same thing. They keep their role of follower. Nevertheless, I have to admit that they have been able to innovate because they are able to copy more and more quickly.

Interviewer: In summary, the main competitive advantage of MDD is their price? Is it their only way of differentiating in the soft drinks industry?

Well if they were more expensive than NB, they would not be bought by consumer because overall, their quality and the composition of their product is inferior to PL. Also the perception plays a role. You do not have the same pleasure when you drink a Coca-Cola than when you drink a PL. The image of the brand plays an important role, it creates an emotion. This is why most of the retailers always position their PL right next to NB. They want the consumer to compare both offer and in some way, they want to take advantage of the fame of NB brands.

Interviewer: And how do you explain that PL brands are able to produce their products at a cheaper price?

Well retailers generally produce for all of their stores so they have huge volume of production. In that context, they benefit from economies of scale. Also In some case, they use the same products for their subsidiaries. For example, Leader Price products are also found in the retail channel Franprix. The main advantage for the retailer is that PL are extremely profitable as they control the production of their brands.

One more thing, we do not see advertising campaigns for PL brands. Their investment in marketing is extremely limited and for that reasons, they make huge economies in comparison with NB.

Interviewer: Do you think that PL use promotion to compete against NB?

Well, they try to attract the client through promotion and price comparisons. But it is true that promotion is mostly used by NB. Indeed, the aim of promotion is to attract people in stores. Having a promotion on a PL brands which is already cheaper than NB does not attract people. But having a promotion on Coca-Cola will attract people as this brand is bought by most of soft

drinks consumers. And it is also a way for NB brands to communicate on their brands, especially when they launch a new product.

Interviewer: Is the fact that PL brands are able to copy extremely quickly is a threat for NB brands? Flexibility and adaptability of PL is a threat?

Well we have to be careful when we launch an innovation. But we cannot forget that in the soft drinks market, one the main motivation for buying a product is pleasure. Even though the market share of PL is high, we cannot forget that they play on all the categories: colas, limes, limonades etc. This is not the case for NB brands. What we have to take into consideration is the number of players. In some segments, for example lemonades, MDD's market share is extremely high because in France there is only one player on this category, which is Lorina. So of course, in this category, their market share will be higher than in the colas segment where Coca-Cola and Pepsico play. But, as I said, what distinguishes NB from brands is their reputation and their capacity to invest in communication and advertising to create a link with customers. But according to me, PL do not have an interest in investing in advertising.

Interviewer: Why?

Because of their positioning and their low cost strategy. If they invest in marketing and in advertising, they will have to raise their price to compensate the cost increase. And they would get closer to NB brands in terms of price and they will no longer position themselves as the cheaper alternative. Plus, one PL brand is only available in the retail channel which produces it. Therefore, communicating nationally would not be profitable for them.

Interviewer: So, this means that NB brands can have a sustainable advantage through maintaining their investment in advertising and marketing?

Well, there are two options. First, the investment in marketing and communication as it builds the image that that they have. This is what create all he history around the brands. And then there is innovation which creates incremental wealth because those innovative products are sold at a higher price. If we consider Finley Spritz for example, Auchan and Casino have been very quick at launching an imitation. Because it has been a great tendency. What would be interesting is to compare the share of PL brands for this innovation and the share of Coca-Cola. Honestly, I do not think that the share of PL brands was that high for this innovation. Because what drives people to buy the innovation is all the communication and the reputation of the brand. And as

PL brands do not communicate, it seems complicated for their products to have the same visibility.

Interviewer: Therefore according to you, the advantage of the NB brand compared to PL is their reputation?

Yes reputation is their main advantage. People don't buy a soft drink because they are thirsty, they buy a soft drinks to have pleasure.

Nevertheless, another advantage of the PL brand is their offer and their allocation on the shelves. Generally, their in-store exposure is quite high as they belong to the retailer. Such visibility is good for increasing their sales.

Interviewer: So another difficulty that we have is that we cannot really fight directly against PL brands?

Yes, we cannot take actions directly because the retailers also sells our products. Therefore, if we want to maintain our relationship with our distributors, we cannot afford to attack their PL brands. And also we do not have an interest in giving importance to private labels. In the end, they do not take a lot of consumers from us. Someone that buys a PL does not buy a NB and vice versa. The cannibalization rate is very low. And then most of competitors rather communicate on the fact that their products are the best but they rarely make comparisons with other competitors' products. This could be perceived negatively by consumers.

Interviewer: So if we cannot attack them directly, does this mean that we have to keep innovating as quickly as we can in order to stay ahead?

According to me, it's not a matter of innovating quickly but rather offering the right innovation at the right time.

Interviewer: In summary, innovating and investing in marketing are the two best way to differentiate from PL?

Yes because it is through innovation and advertising that NB brands create value for the customers. it cannot be that way though promotion because it is rather a way to raise awareness around a product. And also, promotion create a downward spiral where price becomes the only factor of focus. It makes the consumer price sensitive.

Interview 2

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: In your opinion, what is the main advantage of PL versus NB?

Well their first advantage is their price. They are less expensive than NB brands. And then, PL brands are innovative. PL brands have really focused on innovation and this shows that they are able to adapt to market trends. Like for example, if we consider the example of Spritz drinks. I think that Auchan launched the product before our brand Finley Spritz. So PL brands are able to innovate quickly and in some cases, they are also able to launch new flavours before industrials. Therefore, they have developed in R&D and they listen more to market trends. And their main advantage is that they are able to offer these innovations at a lower price.

And then, I believe that there are three types of PL: the economic one, which only competes on price. Then you have a second type of PL which offer comparable products at a lower price. Lastly, you have a third type of PL that offer premium products at a comparable price with the national brands.

Typically, in some categories, PL are quite premium. This is the case in the juice segment for example where you have some PL brands whose quality is really comparable to NB brands. I think the panellist Nielsen has studied this phenomena and they have come to the conclusion that premium PL brands were growing.

Interviewer: so, could we say that PL brands can be perceived to have a good quality/price ratio?

Completely; and then as I said, in some categories, PL are more premium. For example, in the lemonade category, you can find PL brands with differentiating features in terms of flavours, packaging for example.

Interviewer: so in your opinion, PL brands are starting to premiumize?

Yes completely. I think that some external factors also encouraged such premiumization. I think that the price war within the soft drinks industry particularly pushed PL brands to rethink their

positioning. To stay competitive, NB brands considerably reduced their price in the market. As their price were already pretty low, it was getting more difficult for PL to compete exclusively on the price. They had to differentiate and rethink their value proposition in order to stay in the competition. This explains why PL brands are paying more attention to market trends. And the best example is the colas made with stevia. I think that Leclerc launched the innovation before every one, including the big industrials like Coca-Cola or Pepsico. And, this example is particularly interesting because when Coca-Cola launched its Coca-Cola Life, they followed the PL. Our packaging was green just like the one of the PL brands. Maybe, if we had chosen another colour, PL brands would have changed afterwards in order to get closer from us.

Interviewer: Do you think that the flexibility and the adaptability that PL brands are developing over time can be a competitive advantage?

Well, it is true to say that their adaptability has modernized the PL brands market. If they only competed on price, there would not be that many PL brands in the soft drinks market. And also, I think it is extremely pejorative to name them PL brands because in some reasons there are many different types of them. And retailers put a lot of effort in building their PL brands and it seems to me that the industrials are disregarding them. They have a different positioning. If we consider Intermarché, they hide their PL brands behind different names. For example, many people do not know that Paquito is a PL brand. And, then we can ask ourselves why they try to capitalize on their brands? I think that there is a real acceleration linked with the fact that PL brands are innovative. If we consider the launch of an innovation, at first, the first mover were the only one in the market for a few month, then other industrials come and lastly, PL brands arrive. But when that moment comes, you have had the necessary time to earn money and capitalize on your investment. Now, if we launch a new flavour, typically Finley Mojito, within three months, everyone has launched the same flavour. So there is no longer a first mover advantage and therefore, the first mover have less time to capitalize on the investment. So first, you have to move quicker. Second, you earn less money because you have to share your earnings very quickly and it can impede brands to create value.

Interviewer: So launching an innovation is no longer a way to build a sustainable competitive advantage for NB brands?

Well, it lasts less time. And we can ask ourselves if PL brands work with consulting firms to analyse market trends. Because Coca-Cola does not produce PL brands and I do not think that Pepsico or OS do it either. But maybe Refresco. But what is intriguing is the fact that we all

launch the same flavours almost at the same time. But then again, I think that launching a new flavour is not difficult. What seems more complicated for PL brands is to copy our formats. PL brands they maximize their economies of scale by producing only one format, using the same kind of bottle for example. So I think that one advantage of NB brands is their ability to offer different formats and packaging to their consumers. In Coca-Cola we produce mini-cans and PL brands have not been able to follow yet. Also I think that the biological trend will be hard to follow by PL brands because it requires certifications and investments and this takes time. Finally, I think that they can no longer compete only on the price, especially because of the price war, and for that reason, they will try to differentiate through other factors. And finally, isn't it a sign that the society is evolving? Today, the trend is that consumers pay more attention to what they buy, so they seek to buy less but better products. And by producing more qualitative products we can ask ourselves if they have to reduce their margin.

Interviewer: Regarding innovation, you are suggesting that some are more difficult to copy and could generate a more durable advantage?

Yes I think there are different types of innovation. Some are quite easy to copy, this is the case of a new flavours. But some innovation are more differentiating and require more complex processes. Because If PL brands are produced by the same supplier, Refresco, then it becomes more complicated to have something specific.

Interviewer: so in summary, the two levers of action PL have are innovation and the price? They invest less in advertising and in marketing in general?

Well yes. PL brands invest less in advertising and in marketing. Contrarily to NB, PL's innovation are not supported by advertising campaigns, sampling sessions, or trade within the store. When Coca-Cola launches an innovation, we make investments to create a history around the brand and make the consumers aware of it. So PL brands do not have their own advertising campaigns but retail channels invest a lot in marketing to create brand love around their stores and increase traffic. This the case of Intermarché or Lidl which have massive advertising campaigns to create awareness around their stores. They invest at the retail channel level to increase the visibility and the brand love for their stores. Or PL brands make comparative ads in order to show they are less expensive. The only campaign from a PL brand in the soft drinks industry I remember was the one from Système U, which specifically focused on showing that their soft drinks were healthy and made with natural ingredients. And so, according to me, except from the price and innovation, a way for companies to compete is their values. And so,

if PL brands start to communicate on their values and engage on corporate social responsibility, then according to me, they can clearly be compared to a NB brand.

Interviewer: so today, one advantage that NB still have versus PL brands is their reputation which is was built through advertising and marketing investments?

Well, the main advantage of NB is their reputation, because today, PL products' quality is clearly comparable to NB products and their price is lower than NB's. Then, the challenge for NB is that they constantly have to keep communicating on their products and on their brands in order to maintain their reputation and the link with the consumer. Also, according to me, it is no longer sufficient to communicate on the advantage of the product you are selling. Consumers buy your brands because they shares its values, its culture and because they understand the history of the brand. It can be values like fun, sport etc or it can be values that reflect some social or environmental commitment for example. In a way, consumers seek something more than the functional benefits of a product. Therefore, it obligates brands to be more than just products.

Interviewer: So this means that if PL brands start investing more on marketing, they could clearly challenge NB brands?

Yes completely because through those marketing investments they will be able to create a link with their consumers. We can give the example of Monoprix whose PL brands' packaging contains messages and funny messages. And so there was a real excitement around it and this is clearly comparable to what a big brand could do. But then again, it also depends on the positioning of the retail channel. And going further, I believe that NB and PL brands are complementary. For example, Auchan launched its label La Vie en Bleu which identify natural and healthy products for its consumers. Interestingly, the retailer chose both PL products and NB instead of only choosing its own PL products. So this means that both brands are necessary for the retail store.

Interviewer: and regarding the actions and reaction of PL and NB, what do you think of the competition between both actors?

Well, regarding the competition, PL brands are more aggressive. But, it is quite difficult for NB brands to take direct actions against PL brands because they are owned by the distributors. Then, when we make recommendations on the assortments for example, we do not suggest to

the retailers to get rid of its PL products because it would hurt our collaboration. From a commercial point of view, it's a sensitive subject. You cannot really attack their PL brands.

And also, maybe NB brands are too confident and do not imagine that brands with less money and less power would be serious competitors. Some retailers have succeeded in creating an inspiring image of their PL brands such as Decathlon or Monoprix. But then, for the rest, we simply have the perception that they only produce copycats and they do not try to innovate. Maybe in some years we will realize that we have missed something.

And what we begin to see is that consumers sometimes chose to buy in one store because they like the PL brands. It might not be the case for soft drinks products but in other categories, this might be the case. The thing with PL brands is that they are only present in the retail channel which produces it whereas NB brands can be found in more store. Retail channels can increase consumer's loyalty through the price, the offer and PL brands. So if you think that way, it makes sense to invest on your PL brands. So in a way, having a good PL brand can be a way for the retail store to differentiate.

Interviewer: And so, the way NB can compete against PL brands is through differentiation?

Yes, they have to give more than just product to consumers. You ask him to pay more so you have to justify the price. And this can be through several things: by a better quality. Also, another motivation to buy more expensive product is the status and the image you want to communicate to others. And lastly, you accept to pay more for the immaterial benefits of the product. This can be the commitment of the brands, its values or the experience it gives you.

Interview 3

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: according to you, what would be the competitive advantage of the PL brands vs the NB brand?

Well, their first advantage is the price. Then PL benefit from a favourable position within the store as they are owned by the retailer. Plus, PL position themselves as followers and therefore, they do not take risks when they launch products. They are very reactive and they wait for other industrials to launch their innovation, test the market and then PL brands come in the game.

Interviewer: and what enable PL brands to have a lower price?

Well PL have lower production cost because the quality of their products is not as good as NB brands. They use ingredients that are less qualitative than PL brands. Then, they do not invest as much in advertising and in marketing and therefore, they make great cost economies. This also explains why PL brands are so profitable for the retailer. And lastly, PL brands are produced in huge volumes and for that reasons, retailers benefit from economies of scale. But the main reason in my opinion is the quality of their product, products are less qualitative and therefore, PL brands offer cheaper alternative.

Interviewer: if we consider the example of the spritz, PL brands have been very quick to copy NB brands. So do you think that PL brands have a flexibility and adaptability that can challenge NB brands?

Well I think the business model of PL brands enable them to be that agile and adapt very quickly to new market tendencies. They know that by reacting very quickly they can win market share. So they do not take focus much on studying the market and producing very qualitative products. What really matters for the PL brand is to move fast and react quickly in order to copy NB brands innovations. They have internal structure that enable them to be more flexible and this might be what differentiates them from us.

Interviewer: so you do not think that PL brands go towards premiumization and differentiation? For example, in the lemonades segments, we find organic PL brands.

Well, I think this is more a societal tendency. The society is asking for natural and healthy products and therefore, it implies that PL brands also adapt their offer to respond to those new trends. But I do not think that there is a particular need to differentiate. They follow the move and they have the obligation to anticipate some tendencies. For example, it takes time to obtain the organic certification and maybe they invest more in R&D in order to follow those trends and adapt their product. But in the end, it is not well marketed as PL do not communicate on their products. They do not create a story around their brands. Therefore, I am not sure if the consumers know about those kind of innovation. But maybe it is starting to change. Maybe in some categories there are more innovations from PL brands. Maybe in other categories, PL brands are less perceived as copycats and the consumers do not differentiate both actors.

Interviewer: So the main levers PL brands can activate are the price and imitation? Do you see other types of actions?

Well, well they can activate the merchandising and the communication to accelerate their sales. If PL brands invested more in marketing and in advertising to communicate on their brands, I think they would be more challenging.

Interviewer: So, according to you, one advantage that NB have is their ability to invest in marketing and in advertising in order to differentiate?

Well yes, for now they have not been able to do it. And advertising is important because it maintains the reputation. But do the consumer come for the PL brands? in the soft drinks industry, the consumer buy brands and experience and so it might be difficult for PL brands to compete.

Interviewer: so can we say that advertising is the lever that differentiate the PL brands from the NB ?

Definitely, advertising is important to create the story around the brands and maintain the link between the brand and the consumer. But I also think that the product characteristic is important. Consumer like having choice, they like buying different formats. Also, they pay more attention to the ingredients and the origin of the product. Product quality will always be a way to justify a price premium and a way to differentiate. Now consumers are ready to consume less but buy better products and therefore they want quality. So I think that NB have to keep

investing in quality and also on advertising in order to communicate on this. PL brands are not able to do it for now but, of course, it could definitely be a lever they could activate. Maybe they do not do it for now because the quality is not comparable with NB products yet. And considering packaging, PL do not invest much either, as they keep it pretty simple. So, I think NB products can also differentiate through their packaging and the offer of different formats. Typically, when we consider the new trend of buying everything in bulk, they might have some cards to play. Because more and more consumer come with their own recipients or bottles and they buy in bulk, this is the case in the cereals category for example. Maybe this trend can be activated by PL brands.

Interviewer: in summary, NB brands differentiate through innovation; communicating and marketing?

Yes, NB can especially differentiate through advertising because it creates brand love, reputation and it creates experience around the consumption of the product. On the contrary, PL brands have not been able to do it yet. PL simply offer a product but they do not communicate on immaterial benefits. Advertising can definitely be axes of development for them.

Interviewer: in some cases, retailers communicate on their stores at a national level. Do you think that PL brands benefit from this?

Well yes, PL brands do not have their own advertising campaigns and communication. It would require to create specific brands with specific advertising campaigns and this is not the case for now. And I think they have not done it for now because it is really costly. So if they invest in marketing, it will increase their costs and therefore they will have to raise their price in order to stay profitable. Therefore, the price gap between PL brands and NB will be reduced and they would probably lose consumers.

Interviewer: And do you think that the imitation form PL brands is a threat for us?

It is a threat but PL have a secondary role in the market because overall, their positioning is to offer a cheaper alternative. In some way, I think there is some kind of complementarity between PL brands and NB. Basically, it enables the retailers to address different targets and different consumers. And then again, NB would not attack them directly because it would hurt the relationship with the distributors. But of course, there is a risk that PL start to invest more in marketing and start creating a true identity for their brands. Then, their products could become

substitute and this would be threatening for NB brands. They could do many things and they have the means to create a link with their consumers; they have data from the stores and they could find ways to communicate more. But this requires investments and they might not be willing to pay for that. But it also depends on the retail channels as some really invest more in their PL brands.

Interviewer: but in your opinion, they do not follow a differentiation trend for PL brands?

No, as I said, I think PL follow the trend and therefore they have to improve the quality of their products. As the market is evolving, they are following but they do not premiumize as much as us. But it is also linked to more demographical and economic factors. The consumers are different and they need different offers. I think PL brands favour bigger consumers, those that seek to buy cheaper products. Also they seek to seize opportunity quickly. For example, if a NB launch a new flavour that is quite successful, they are really quick to react and this enable them to win market share.

And in some categories, PL brands are stronger, this is the case in the lemonade sector where consumer have a good perception of the product in itself. It really depends on the segment and on the strategy of the retail channel.

Interview 4

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: in your opinion, what is the competitive advantage of PL brands?

Well, I think PL's main advantage is the price. Then it depends on the retailers I guess. If we look at Intermarché, or Leclerc, the advantage is the price. Then I think PL brands are diversifying and they are beginning to premiumize. We can notice it in Monoprix or in Carrefour. It can also be an advantage because they are improving their quality and they manage to maintain their price lower than NB. Nonetheless, the retailers are cutting the retail price of NB products and therefore, the price is no longer a true criteria for the shopper. In some cases, some NB references are even cheaper than the PL brands. Therefore, the main challenge for PL brands is to create a true identity, improve the quality of their products and invest more on their brands through advertising. Today, PL brands do not have an identity and the advertising does not focus on the brands but on the retail store name. They will advertise for Carrefour but not for the cola brand of Carrefour.

Interviewer: so in summary, the price remains the main factor of differentiation for PL brands?

Yes but as time goes by, there is more and more confusion between the PL brands and NB products. Because PL brands are also quite good at identifying the tendencies and copying NB products. Today, we see a growing number of organic PL products for example. But PL do not have the brand nor the identity. PL do not have a brand history and they do not have the link with the consumer that some NB brands have been able to build. I doubt that shoppers identify themselves in PL products.

Interviewer: OK. And today, we see that PL are copying faster and they pay more attention to the tendencies. This reflects the agility and flexibility of their business. What do you think of this?

Well, I have the impression that they copy a lot. We have some exceptions of course, this is the case of the cola made with stevia. But generally, PL copy NB brands. They manage to do it quickly thanks to their supplier. But also, each year, we present our innovations and the market

tendencies to the retailers in September, so they have the possibility to know in advance what will come out the following year. But according to me, they are not particularly innovating. In the tea segment they all copy May Tea. Also, they all copied the mojito flavors but the first one was Seven up mojito. In the colas segment they all copy coca-Cola. But it is true that they are agile and they have great knowledge of the market. So, yes their agility can be an advantage.

Interviewer; so in your opinion, their agility comes from their business model?

Well, yes their agility certainly comes from their business model. They probably work with suppliers that also work for NB and copackers. Also they can go faster because they pay less attention to some details. For example, regarding the packaging they do not invest a lot, they keep it simple, they just copy NB packaging. They use the same colours, the same typography, the same name so it takes less time for them. Copying does not take that much time and PL brands are able to do it well.

Interviewer: Nevertheless, it seems that they are unable to produce some formats, such as the miniformat like the mini can?

Well I do not know if they are unable to produce the format or if they have chosen not to produce it because of the price. I mean, those formats are positioned as quite premium by the suppliers with a price per lite that is quite high. I do not think that is matches the positioning of PL brands. Probably, the shopper would not understand the offer. Because PL products target price sensitive consumers so I do not think they would buy those mini-formats.

Interviewer: So in summary, the ability of PL brands to copy us is not that much of a threat?

Well according to me not that much. As I said, there is a price war in the soft drinks market and prices are going down for NB products. So the price gap is getting smaller and therefore, the advantage of PL brands is getting smaller. And from our studies, we clearly see that when the prices between PL brands and NB products is reduced, consumers favour NB products. I think that retailers keep producing PL brands because they are very profitable. The costs are very very low compared to the costs of NB products. NB invest in their brands, they have huge costs in marketing. On the contrary, PL brands not invest in marketing, They do not invest in advertising, nor in R&D, communication packaging etc. in summary, the only cost PL brands have is their cost of production.

Interviewer: so PL products are lower-priced because they do not have marketing costs?

Exactly. They do not have marketing costs. They do not invest in media nor in the store. They do not use trade marketing, they do invest in digital marketing, they do not have sampling sessions to present their innovation. They do not communicate on their brands. But then again, it can depend on the store and on the category. In some categories such as the detergents or food, PL brands can be quite premium.

Interviewer: So in the soft drinks, according to you, there is no premiumization or differentiation from the PL brands?

According to me, no. except maybe for the drinks that target children. We see sometimes some mini-soft drinks with mini bottle, a cap. This is premiumization but it targets very specific products. Maybe in the tea segment they could do something by surfing on the bio tendency. But then again it would increase their price and this does not match their positioning. Consumer that seek premium product buy the NB products because they are ready to spend more money for their products. I do not see the interest for PL brands to enter this market with such positioning. There is some exception like for example the lemonade segment where PL brands are more premium, they have a glassbottle like the leader, Lorina. But I believe it can be explained by the reduced number of competitors in this segment. Lorina is the only one that has been able to build their identity on the segment, they are the only one and they have worked to premiumize the segment. And PL have copied but it was easier for them because Lorina was almost alone in the market. Even though, they manage to have the same glassbottle they will have two reference in the store and the rest will be for the NB products.

Interviewer: ok so in summary, the lever that NB have to activate in order to further differentiate is marketing ?

Yes, they have to do a lot of things in the end. First we need to invest in the brand in order to maintain our reputation and our identity. We have to invest in the packaging, in digital marketing. We also have to invest in our product in order to maintain our quality. But the most important thing in the identity of the brands. Therefore, advertising is absolutely necessary to create a link with the consumer and increase the visibility of the brand. Consumer have to identify themselves in the brand. They chose the brands that are like them and represent their values. This is even more important today because the offer is extremely large. So if people do not know your brand, it is over. The market needs strong brands.

Interviewer : What do you mean by strong brand?

A strong brand is a brands that speaks to its shoppers and that possesses an identity. Then a strong brand needs to understand the needs of its shoppers. Today, consumers seek more than a product. They want a product that represent their values and that is why we see more and more organic products or companies invest in social and environmental practices. Consumers want responsible companies. This is why we reduce our packs to reduce plastic waste. We also work on improving the composition of our product by reducing the quantity of sugar. Then, it is difficult to communicate on this because you have to be perfect. So even though we make a great deal of effort, it is quite difficult to be perfect. People are becoming aware of the impact of their consumption on the society. So they want a company that pays attention to the environment, its workers etc. otherwise they will lose faith in us and they will buy other products.

Interviewer: so we have to keep innovating and investing in the brand.

Yes we have to keep innovating, especially in the packaging and we have to include actual environmental problems to our reflection. We have to keep innovating in our factories in order to reduce plastic waste. Then we have to maintain our investment in advertising in order to maintain the identity of the brand and the link with the consumer.

Interview 5

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: According to you, what is the competitive advantage of PL brands within the soft drinks industry?

Well generally, there is not an intense competition between PL brands and our portfolio of brands. The particularity of the soft drinks industry in France is that NB have built a strong identity. It is especially true within the cola segment where Coca Cola is the leader. Retailers tend to invest in developing segments because they are dynamic. For example, retailers are investing in the ready to drink tea segment which is growing fast. In more mature segment, it gets more difficult for PL brands to compete with us because NB have a strong identity. Regarding the hard discount category, it is quite different because 85% of their assortment is normally composed of PL brands. Then again, in the soft drinks segment, it is different as NB products have higher rotations and sales compared to PL products. On the contrary, in other fast moving goods categories such as the beauty segment, the offer of PL brands will be much larger. The soft drink industry is quite an exception because the brands really motivates the choice of the consumer and for that reason, PL products sell less than in other categories.

Interviewer: PL brands' market share is especially high in the hard discount channel. How do you explain that in the soft drinks category, PL brands do not manage to win market share over NB products?

Respondent: Well, first there is a strong identity of NB in the soft drinks industry. If we take the example of Coca-Cola, this is especially true, as everyone knows the brand. It is like Nutella in the chocolate cream segment and those kind of brands are so established in the mind of the consumer that all supermarket must have them in their shelves. And even though PL products are less expensive, it will not be bought by the shopper. Regarding the price, we have to consider the fact that the market is not elastic; that is to say that the price of a Coca-Cola bottle is quite low. In that context, the price gap between NB products and PL products is quite low and for that reason, the consumer will accept to pay a bit less in order to buy the NB product. Buying

the NB brands will not have a huge impact on consumers' budget. In other categories such as the beauty segment, price gaps between PL products and NB products is larger and therefore, all consumers might not accept to pay a bit more in order to have the NB product. So I think the price gap plays an important role in that matter. In summary, what makes the difference is the power of the brands and the low price gap between NB product and PL products.

Interviewer: Do you think that not having a real identity is a disadvantage of PL brands?

Well, I think we have to take several factors into consideration. First, obviously the taste of product plays an important role. Coca-Cola is known for its taste. When you taste a PL cola, it does not have the same taste as the Coca-Cola. So today, in the mind of consumers, the real taste of cola is Coca-Cola and for that reason, they generally prefer buying a Coca-Cola than a private label. Therefore, there are 3 factors: the taste, the brand image and then the price.

Nevertheless, I think that PL brands can do several things in order to challenge NB. First, they can invest in developing segments, such as the flavoured water or ready to drink tea segments. The risk is that they arrive in those segments before us. And as I said, the ready to drink tea segment is really an opportunity for PL brands to challenge NB products. Today, those segments are developing, consumer demand is increasing quickly and therefore PL brands will certainly invest those segments.

Interviewer: do you also analyse this trend within the hard discount channel?

Well the particularity of the hard discount channel is that the shops are quite small and therefore, the offer is also reduced. In that context, retailers still favour NB products within the soft drinks industry. Then again, in other categories, this can be quite different. Today, the category of the soft drinks is not the strength of hard discounters. They rather invest in other categories like dairy products, bakery products, fresh fruits and vegetables as those categories convey an image of quality in the mind of the consumer.

Interviewer: And what do you think of the innovation capacity of PL products?

Well, I think that PL brands tend rather to copy. I do not have the feeling that PL brands are innovating. Generally, NB innovate and go first and then PL brands arrive with a me-too product.

Interviewer And we see, that PL brands are imitating faster. Do you think that this agility is a threat for NB products?

Well, we have to take the structure of the soft drinks industry into consideration. First there is a strong price war within the category and suppliers have a strong pressure to lower their prices. Distributors' margin is reducing greatly and therefore they have to compensate with other products. PL products are extremely profitable and they can be used by retailers in order to compensate their losses. This is why, Intermarché, Système U and Leclerc are investing more and more on their PL brands. They clearly want to convey the message that their PL brands are qualitative and they want to induce shoppers to buy their brands. In that context, in fact PL brands are a threat because as long as the price war continues, retailers will put a lot of attention in developing their PL brands. And, PL brands have the potential to challenge us because they are really agile, flexible and therefore they are really quick in imitating, launching products and following trends. They adapt really quickly in the market. Also, generally, the suppliers of NB products also supply PL brands. Therefore, this explains why PL products' quality has improved. Therefore, I believe that the agility of PL brands is a real threat for us. The risk on the soft drinks category might not be as strong as in other categories but it is true that we have to be careful in new developing segments in the future.

Interviewer: Therefore, the risk is higher in new developing segments and in some retail channels?

Yes because the category is evolving. Today, the quality of PL products has really improved. PL brands are offering ecological products, local products etc. and this shows that they are able to follow the trends. They understand what is important for the consumers and they want to offer products that embody the values of the consumers. The consumers want more natural, local and ecological products and therefore, PL brands have the possibility to challenge us. Today, the consumer is looking for more than just buying a product, the product has to connect with their values. And through that, PL brands are conveying messages to the consumers which says that their products can be as good as NB products.

Interviewer: In that context, can we speak of a premiumization of PL products?

Well yes completely. We can see it through the appearance of ecological PL products. And then again, the premiumization of PL products comes with their attempts to follow the trends and offering more qualitative products.

Interviewer: therefore there is a real attempt of differentiation from PL brands?

Yes completely. If we consider the hard discount channel, and especially Lidl, 80% of their assortment is composed of PL products. And the thing is that the retail is growing really fast in France and obviously, the other retailers are analysing it. Lidl manage to attract people in their stores through their non-food categories and fresh fruit and vegetable products. The retail channel advertise a lot on this on TV and therefore the consumers are attracted to the stores, they try those non-food products and then they stay in the shop to do their grocery shopping. As Lidl's PL products are qualitative, the consumers continues going shopping in their stores. I do not think that other retailers such as Leclerc adopt the same strategy as Lidl's but this can show the potential of PL products to other retailers. As they see that PL products can also be successful in other categories, I strongly believe that retailers will increase their investment in PL products and in innovation. More precisely, they will increase their investment in the qualitative and premium PL products. There will always be economic PL products but it will not be as important as premium PL products because today consumers want quality.

Interviewer: do you think the growth of PL products is linked with the growth of Hard Discounters?

Yes, extensively. This is absolutely the case. If we consider the beauty segment, something completely unbelievable happened two years ago. The Cien cream has been advertised as the best cream in the market, in front of Chanel, Dior and all the big brands. Therefore, this shows that consumers' mentality is also changing and that PL product can be more successful than NB products in the market. And then, Lidl is developing Cien through brand extensions and temporary offers such as new flavors that people can find in the shop for a limited period of time. This creates actuality for the brands and traffic in the store. And eventually, people keep coming to Lidl's stores.

Interviewer: do you think that private label can be used as a way to win the loyalty of consumers?

Yes completely, I really think that retailers can use PL to win consumer's loyalty.

Interviewer: and if we consider NB brands. What actions can help NB to preserve their market share?

Well there is the taste. And then of course the reputation of brands, its history. And then there is the advertising and all the communication campaigns that we have. Also, I think it is important for NB to communicate in the stores through trade marketing, sampling sessions etc.

it is through those marketing actions that NB stay in the mind of the consumer. But all NB do not have this identity and this strength. And lastly, as I said, we rarely saw an initiative of PL brands to innovate in the market. Therefore, I really believe that NB should maintain their investments in innovation and in R&D. innovation and communication is key because it creates actuality and it directly connect the brands it the shopper. And of course, PL brands will imitate us and in some cases their quality will be close to our products. But then again, what will differentiate us is our image, PL brands do not have this identity and therefore, the shopper will rather remember our product than PL's.

Interviewer: lastly, in some cases, especially in hard discounters, we see comparative promotion where the retail compare the price of PL products and NB products. What do you think of this?

Well, it is true that retailers sometimes compare their product's price with the ones of NB. And considering the Merchandising, they rather want their products to be close to NB' because they want to attract the consumers. But I do not think that this kind of actions is threatening for us.

Interview 6:

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: According to you, what is the competitive advantage of PL products compared to NB In the soft drinks industry?

Well, it is clearly the price. Then, we have to keep in mind that the brands is really important in the soft drinks industry. This means that the consumers is buying according to the brands, they are looking for brands. They are looking for a packaging, for a taste and this explains why the PL brands are still small in the market in comparison to other categories. Then, we know that the shoppers are quite different and therefore the advantage of PL brands is the price. Nevertheless, for those two reasons, it will be difficult for PL brands to emerge because the shopper is different and the brand is quite important.

Interviewer: and what do you think of PL brands' capacity of innovation?

Well, I think this is a real opportunity. Today, PL brands are adapting faster to market trends and they are really flexible in the market. Therefore, they have been able to enter new developing markets such as the ready to drink segments and the flavoured waters. They have been able to follow the trends and the big brands through their me-too products.

Interviewer: do you think that this might lead them to stop playing in more mature segments such as the colas category to focus on new developing segments?

Well no, I think both mature and new developing segments are complementary, although I do not believe that PL products' sales are comparable to multinational brands within mature segments like the colas. Nevertheless, in the future, they will put a strong focus on new developing segments. And we can also say that the trends play an important role in the success of PL brands. Today, consumers are willing to buy ecological, natural and more local products, and we clearly see that ecological or local PL products are the ones that have the highest growth. So there is an opportunity of PL brands to follow the current trends in the market.

Interviewer: According to you, can we speak of a premiumization of PL brands?

Yes completely because the developing segments are more premium. There is a premiumization of the whole fast moving goods industry and therefore, all the actors follow the trend. Consumers want more premium products today and this will motivate PL brands to premiumize their offer in order to adapt. In the future, the offer will have more ecological products for example and it will be more premium.

Interviewer: Do you perceive PL brands as a threat in the soft drinks industry?

Not really because the brands is too important for the consumer in this category. The brand name is the first motivator for the consumer during the buying process in the soft drinks industry. Also we have to consider that the price elasticity of the market is really low. Therefore, a price increase or decrease will not have a great impact on the sales and consumers will still buy the brands. We really speak of two different types of shopper and therefore, I think that it will be difficult for PL brands to emerge. The main opportunity for PL brands is to enter new developing market before big brands. It can be the case in some small offers such as the local, traditional and ecological products. It can be a good tactic for them to be as much flexible and agile as it can be in order to launch products before big brands. Through this they can win market share because big companies are generally less agile and therefore, they might need more time to come in new developing market or develop an offer of local or traditional products. But then when multinationals come, I do not think that PL brands' sales will continue to increase.

Interviewer: Therefore, PL brands can resist through their agility?

Yes, I think that agility is quite important in the soft drinks industry. But then again, I believe that the brands is really important for the market. And also, the taste is really important. Then, we make a lot of investments in the brands, in advertising. We also have the advantage of selling our products through other distribution channels such as restaurants, cafés or hotels and therefore, the consumers can buy our products through different occasions. This is a true advantage, especially for innovation as it really increases the visibility of the brand. It is also a way for the brand to communicate and to enter in the day-to-day life of its consumers. The power of the brands is really the most important thing along with the taste. Today, our brands have really specific tastes. Maybe an opportunity for PL brands is to focus their development in products where the tastes are simpler in order to get closer. Because we see that PL brands are offering more qualitative products and maybe they have to invest in categories where the taste are simpler.

Interviewer: so the real advantage of the NB product is the brand?

Yes, the reputation of the brands, the history of the brands and the link it has managed to build with the consumers is extremely important. Nevertheless, there is a rising importance of smaller brands in the market. For example, there are more and more craft products in the FMCG category. And, in some way, smaller brands can really challenge bigger multinational brands through their values and what they stand for. Those smaller brands can communicate those values through their packagings and therefore, they can reach the consumer that way.

Interviewer: Do you think that the consumer is looking for more than the mere product?

Yes it is the general tendency. The consumers is looking for more natural and healthy product and in that context, they will look for more local and smaller brands with strong values.

Interviewer: And do you think that there is an opportunity for PL brands to build an offer with values that stand for local, quality and traditional products?

Yes completely there is a true opportunity in this segment because it will develop, but I do not think that it will be threatening for NB as the brand stays the most important thing for the consumer *in fine*. And then again, the consumer profiles of NB and PL are different. Then we can ask ourselves if those profiles can change but this is not the case for now.

Interviewer: Do you think that building an identity though marketing, especially advertising could help PL brands to challenge NB?

Well yes, they are clearly missing an identity. But the thing is that I do not know if it will be sufficient given the difference of the consumer. We have to consider the fact that consumers' behaviours do not evolve much over time contrarily to consumer trends. Surely the product offer, the merchandising will change but the shopping behaviour do not tend to evolve a lot over the years. So shopper behaviours remain strong obstacles to the development of PL products. Nevertheless, I do believe that there is an opportunity in more niche markets through the offer of local, traditional or ecological products. Then again, I believe that the soft drinks industry is really special and therefore, it definitely is more difficult for PL brands to emerge in such configurations.

Interviewer: Then; what motivates the retailers to keep investing in their PL brands?

Well there is a complementarity between PL brands and NB because their respective shoppers are different. And then, PL brands are really profitable for the retailers. It is important for them

to keep investing in new segments and keep innovating but I do not think I would focus greatly on the soft drinks industry. I would rather focus my investments on other categories.

Interviewer: in some cases, retailers chose to do comparative campaign between their PL products and NB products in order to show the price difference. Do you think those types of actions can hurt the NB?

Well, no. I think that such communication are useful to convey a message to the consumers showing that their products are qualitative.

Interviewer: Nevertheless, do you think they will keep competing that aggressively?

Well yes, I believe this is the DNA of the PL. they will keep imitating and making comparisons because this is how they survive. But then again, the market characteristics do not play in their favour. And speaking about the price, we rarely see the price of PL products fluctuate contrarily to NB products that generally tend to go down to the structure of the market. Then, PL brands could increase their price but I do not think it is their role in the market to be more expensive than NB products.

Interviewer: So PL's role is to be less expensive than NB products with a comparable quality?

Yes it is to be less expensive, with the best quality that they can manage to have. I think the consumer would not understand if the PL brands had higher prices because they do less than NB in terms of investments. I mean the retailers communicate globally on their names but they rarely do specific campaigns focusing on PL brands names. Therefore, I do not think that their role is to have comparable prices. And globally, in the FMCG industry, we have noticed a global premiumization with consumers focusing on quality. And, in their minds, quality is rather linked to the NB rather than to PL brands. So maybe retailers have not played their role to enhance the image of their PL products. Therefore, the current global trend tend to favour NB. Nevertheless, there has been some food crisis which have hurt the trust that consumer had for their NB. But this has not really increased the trust in PL brands either so I do not think that consumer could suddenly decide to switch their consumption towards more PL products.

Interviewer: Nevertheless, it is quite interesting because, through my literature review, I have noticed that in many food segments, consumers cannot distinguish PL brands from NB in blind tastings.

Yes, it is true. But then again consumers keep buying NB products because of the brand image. And then it is true that some products have a true taste and therefore consumers cannot switch.

Globally, the quality of PL brands will increase but they lack the history that multinational NB have. And also, multinational brands have to play their role of leader in the category. They have to keep innovating and investing in their brands. So I believe that innovation is also key and NB brands have to keep investing in R&D in order to fully be aware of the trends and of the consumers' needs. If they keep playing their role, it will be really difficult for PL brands to emerge in the soft drinks industry. Some studies have shown that when NB innovate less, PL brands grow more quickly.

Interview 7

Hello, my name is Aude, thank you for taking the time to answer my questions. Well first, I will present the subject of my study. I analyse the competition of NB and PL within the soft drinks industry. That way, I seek to understand how PL and NB build their competitive advantage and how they act and react in the market.

The interview will be recorded and it will last approximately 30 minutes

Interviewer: First, could you present your job and your category ?

Interviewer: Well, I am category manager and I manage the PL products assortment within the group Carrefour in France. Therefore, I work closely with the purchasing team and the PL brand managers in order to construct our offer.

Interviewer: In your category, what is the competitive advantage of PL brands?

Interviewer: So today, PL can be a way for the retail channels to win the consumers' loyalty.

Globally, within the Carrefour group we have different types of PL brands. We have economic products with a low cost positioning. Those products seek to answer the basic need of the consumer and generally provide the best price in the market. Then, we have premium PL products. Those products seek to compete directly with NB products by providing qualitative products with differentiating features. They generally remain cheaper than NB products but in some cases, they can be more expensive. Therefore, each type of PL brands has its own positioning and within Carrefour there is a true reflection on the positioning of the brand.

Also working on the quality of our PL products as we know that today, the consumers buy brands that he trusts. The consumer has become aware of the impact of its consumption on his health and therefore, they want products they can rely on.

Also, today, PL brands managers pay a close attention to market trends. Within Carrefour, we have brand manager for PL products and they are in contact with the R&D departments, and they also study the market. That way, they are aware of market tendencies, shoppers behaviors and consumer needs. This has really changed the role of PL products within the store as they are considered as real brands for us. In that context, before launching a new product, we take time to analyse the market and make sure that our product will answer the consumers' needs and position it correctly.

Considering innovation, two strategies can be followed. First, PL brand manager can choose to launch a me-too product. In other words, brand managers identify an opportunity in the market and launch an imitation of NB product. Me-too products answer the same need as NB product and they represent a cheaper alternative for the consumers. Then, today, PL brands are also able to innovate. Brands managers can choose to launch a product that is not offered by NB in the market. This means that today, a greater importance is given to innovation and market analysis. Innovation is key for PL brands because it enable the PL brand to differentiate. And this is particularly interesting for retail channel because they can differentiate through their PL offer. Indeed, all retail channel possess NB brands. In the soft drinks industry, retailers all sell Coca-Cola, Pepsi etc. on the contrary, PL brands is specific to the store and therefore, retailers can really differentiate through them. And PL brands are increasingly trying to differentiate in the market. They seek exclusivity and avant première in order to answer consumers needs. Today, mass-consumption does not interest the consumer anymore and people seek individualization. People are willing to buy products that connect with them.

Interviewer : is there a Premiumization of PL brands?

Yes PL brands are definitely premiumizing in the soft drinks industry. First quality is improving a lot and brands manager put a strong focus on this. Before launching a PL product, brand manager analyse the market and then the product undergo various tests with consumers and with quality managers in order to make sure the product meet all quality requirements. For all our PL products we have a cahier des charges and our supplier have to respect it and we are quite strict with this. Then we have a panel of consumers in order to test the functionality of the product. Also we make comparison test with NB products in order to make sure that our product is as good or even better than the NB product.

So PL brands have put a lot of focus in improving their quality and today we can say that their products are comparable to NB products. But we still have a lot of effort to make on marketing

and communication. Today PL brands do not have an identity and retailers do not communicate enough on them. When we interview consumers we always get the same answers. People are reluctant to buy PL products because they have a negative perception of those products. They think the quality will not be as good as the NB products and therefore, we see that there is a lack of trust for those products. Also, consumers think that PL brands have unattractive packaging and this is a true obstacle to consumer consumption.

So PL brands have to communicate more on the quality of their products and this can be done through advertising. I have an example in the beauty market where Lidl had advertised its brand Cien and the benefits of its anti-aging cream. And this worked and consumers bought the cream.

Then, PL brand manager have to focus more on the packaging as it really reflects the identity of the brand; today PL products' packaging are often mere copies of NB products. And therefore, PL products are just copies in the mind of the consumers. And the me-too products will rather target a certain type of consumers, especially people with lower purchasing power.

Today the consumer wants more than the simple functional characteristic of the product. Consumers buy certain type of products because they connect with the brand, its values and they look for immaterial benefits. Therefore, it is important for PL brands to invest in the brands to connect with consumers and build their own identity. In market where NB are not that strong, PL brands market share generally explode. In the soft category, the situation is a bit more difficult because the market has strong brands. For example, in the colas segments, the PL brands are not growing because the name Coca-Cola is too strong.

Therefore, the main challenge today for PL brands is the construction of an identity so that the consumer can better understand the brand and its role in the market. And today, retailers are seeking to build an identity for their brands. Their aim is to create a strong identity on the PL brand in order to increase awareness among consumers and increase their involvement with the brand. And, if we take the example of Lidl's cream Cien, it exemplifies it perfectly. They have chosen a brand ambassador, a French top model, to be the face of the brand. And, this has given a true identity of the brand and more precisely, the practices are comparable to those of a NB.

Also, retailers are aware of the new trends for advertising and they are increasingly using digital marketing to connect with their consumers. The beauty segment use Instagram and influencers in order to communicate on their brands. And PL brands are increasing their investments on these new levers.

So in summary, the key for the development and the success of PL brands is to build an identity. For that, retailers have to invest on the brands through advertising and through innovation.

Interviewer: what do you think of advertising for PL?

Today, there is a true objective to invest on PL brands and increase their visibility in the market. In some categories, PL brands are quite well established but in other categories, it is a true challenge to build an identity. This is clearly the case of the soft drinks industry. And most importantly, there is a true need to adapt the strategy to the specificity of the industry. Each industry is different and therefore the strategies have to adapt. PL brands tend to be stronger among basic products because the involvement of the consumer is lower. In Carrefour, the strategy is designed by brand managers and then they communicate it to other departments, especially key account managers and category managers. And today, there is a true focus on PL brands and on building its identity and create a link of the consumer.

Interviewer: can they create a link with consumer via their packaging?

Yes completely because this is also through the packaging that we communicate with our consumer. Then, we want to invest through new ways of communication, especially digital and social media. So, for our premium brand Carrefour bio, we can communicate on instagram or on Facebook for example. Also, we communicate within the store through trade marketing. But of course, this is still quite new for us and this is the brand manager which decides it. And of course, as it is new, it takes time but it will develop in the future as we know it is through communicate that we will create an identity and recruit new consumers.

Interviewer: how do you explain the adaptability and flexibility of PL brands?

well, we have product managers in charge of developing PL products just like for NB. Therefore, they have access to market datas, professional journals, consumer datas through the use of panels like Nielsen and Kantar. That way, they analyse the markets, the trends and they also work with trends agency so they are able to respond very fast to new consumer needs in the market. For example, we clearly see that organic products are trendy and growing in the market and this is specifically on those categories of products that we will invest. And in the soft drinks industry, we can be adaptable because we work with suppliers that also produce soft drinks for other NB. Therefore, we can use their production lines and we can produce high volumes thanks to that. And this is quite easy as they already know the process, the standards etc.

Interviewer: Do you think that PL could be more premium than NB ? Do you think it can be their role in the market?

Well yes absolutely. In the soft drinks industry, we clearly see that organic PL brands are growing very fast. In other categories such as in the food industry, we see that some PL brands are more premium than NB brands. this is the case for “Nos Régions ont du talent”, the PL brand of Leclerc which offers local food specialties. Also their packaging are more modern and more attractive than the average PL brand offer. Therefore, some PL brands have the capacity to become more premium in some cases than the NB. In the soft drinks industry, it seems more complicated because the brand name is quite important in this market. Nevertheless, I think we should not underestimate the PL brand as they are clearly improving their quality and investing in new trends and in advertising. Simply, it might take more time for them to grow in the soft drinks market.

Meaning unit	Condensed meaning unit	Code	Theme	Category	Subcategory
they are able to imitate NB brands very quickly and this was not the case a few years ago. They are extremely quick to copy	PL are agile	agility	competitive advantage	resources and capability	
. You do not have the same pleasure when you drink a Coca-Cola than when you drink a PL. The image of the brand plays an important role, it creates an emotion	brands connect with consumers through their values	brand	competitive advantage	resources and capability	
Well retailers generally produce for all of their stores so they have huge volume of production. In that context, they benefit from economies of scale.	PL have economies of scale	cost economies	competitive advantage	resources and capability	
we do not see advertising campaigns for PL brands. Their investment in marketing is extremely limited and for that reasons, they make huge economies in comparison with NB.	PL do not invest in marketing and advertising	cost economies	competitive advantage	resources and capability	
what distinguishes NB from brands is their reputation and their capacity to invest in communication and advertising to create a link with customers.	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	
then there is innovation which creates incremental wealth because those innovative products are sold at a higher price	brands differentiate through their innovation capability	innovation capability	competitive advantage	resources and capability	
Because what drives people to buy the innovation is all the communication and the reputation of the brand	reputation is an advantage for NB to differentiate from PL	consumer	market	market characteristics	
another advantage of the PL brand is their offer and their allocation on the shelves. Generally, their in-store exposure is quite high as they belong to the retailer. Such visibility is good for increasing their sales.	PL benefit from a better shelf allocation thanks to their relationship with the retailer	relationship with retailer	competitive advantage	resources and capability	
it is through innovation and advertising that NB brands create value for the customers.	brands differentiate through their innovation capability	innovation capability	competitive advantage	resources and capability	
Therefore, PL have developed in R&D and they listen more to market trends.	PL innovate	adapt to market trends	competitive advantage	resources and capability	
it is true to say that their adaptability has modernized the PL brands market	PL are agile	agility	competitive advantage	resources and capability	
Now, if we launch a new flavour, typically Finley Mojito, within three months, everyone has launched the same flavour. So there is no longer a first mover advantage and therefore, the first mover have less time to capitalize on the investment. So first, you have to move quicker	agility is a competitive advantage	agility	competitive advantage	resources and capability	
I think that launching a new flavour is not difficult. What seems more complicated for PL brands is to copy our formats	brands differentiate through their innovation capability	innovation capability	competitive advantage	resources and capability	
one advantage of NB brands is their ability to offer different formats and packaging to their consumers.	brands differentiate through their	innovation capability	competitive advantage	resources and capability	

	innovation capability				
PL brands invest less in advertising and in marketing	PL do not invest in marketing and advertising	cost economies	competitive advantage	resources and capability	
Contrarily to NB, PL's innovation are not supported by advertising campaigns, sampling sessions, or trade within the store	PL do not invest in marketing and advertising	cost economies	competitive advantage	resources and capability	
And so, according to me, except from the price and innovation, a way for companies to compete is their values	companies differentiate through their values	brand	competitive advantage	resources and capability	
the main advantage of NB is their reputation .	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	
today, PL products' quality is clearly comparable to NB products and their price is lower than NB's	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
a way, consumers seek something more than the functional benefits of a product. Therefore, it obligates brands to be more than just products.	brands connect with consumers through their values	consumer	market	market characteristics	
Also, another motivation to buy more expensive product is the status and the image you want to communicate to others	consumer use products to show their status to other	consumer	market	market characteristics	
you accept to pay more for the immaterial benefits of the product. This can be the commitment of the brands, its values or the experience it gives you.	consumer seek to connect with the brand value	consumer	market	market characteristics	
Then PL benefit from a favourable position within the store as they are owned by the retailer.	PL benefit from a better shelf allocation thanks to their relationship with the retailer	relationship with retailer	competitive advantage	resources and capability	
PL have lower production cost because the quality of their products is not as good as NB brands. They use ingredients that are less qualitative than NB brands.	less investment in quality	cost economies	competitive advantage	resources and capability	
Then, they do not invest as much in advertising and in marketing and therefore, they make great cost economies. This also explains why PL brands are so profitable for the retailer.	pl are profitable	cost economies	competitive advantage	resources and capability	
, PL brands are produced in huge volumes and for that reasons, retailers benefit from economies of scale	PL have economies of scale	cost economies	competitive advantage	resources and capability	
I think the business model of PL brands enable them to be that agile and adapt very quickly to new market tendencies. They know that by reacting very quickly they can win market share.	pl adapt to market trends	agility	competitive advantage	resources and capability	
They have internal structure that enable them to be more flexible and this might be what differentiates them from us.	pl adapt to market trends	agility	competitive advantage	resources and capability	
PL do not have a brand history and they do not have the link with the consumer that some NB brands have been able to build	PL do not have brand identity	brand	competitive advantage	resources and capability	

also think that the product characteristic is important. Consumer like having choice, they like buying different formats. Also, they pay more attention to the ingredients and the origin of the product. Product quality will always be a way to justify a price premium and a way to differentiate.	consumers seek product quality	consumer	market	market characteristics	
yes their agility certainly comes from their business model. They probably work with suppliers that also work for NB and copackers	PL are agile	agility	competitive advantage	resources and capability	
Also they can go faster because they pay less attention to some details. For example, regarding the packaging they do not invest a lot,	PL are agile	agility	competitive advantage	resources and capability	
a strong brand is a brands that speaks to its shoppers and that possesses an identity. Then a strong brand needs to understand the needs of its shoppers.	brands connect with consumers through their values	brand	competitive advantage	resources and capability	
The particularity of the soft drinks industry in France is that NB have built a strong identity. It is especially true within the cola segment where Coca Cola is the leader	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	
from our studies, we clearly see that when the prices between PL brands and NB products is reduced, consumers favour NB products	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
NB invest in their brands, they have huge costs in marketing. On the contrary, PL brands not invest in marketing. They do not invest in advertising, nor in R&D, communication packaging etc. in summary, the only cost PL brands have is their cost of production.	PL do not invest in marketing and advertising	cost economies	competitive advantage	resources and capability	
They do not have marketing costs. They do not invest in media nor in the store. They do not use trade marketing, they do invest in digital marketing, they do not have sampling sessions to present their innovation.	PL do not invest in marketing and advertising	cost economies	competitive advantage	resources and capability	
Consumer have to identify themselves in the brand. They chose the brands that are like them and represent their values	consumer seek to connect with the brand value	consumer	competitive advantage	resources and capability	
So if people do not know your brand, it is over. The market needs strong brands.	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
In more mature segment, it gets more difficult for PL brands to compete with us because NB have a strong identity	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	
Today, consumers seek more than a product. They want a product that represent their values and that is why we see more and more organic products or companies invest in social and environmental practices. Consumers want responsible companies	consumer seek to connect with the brand value	consumer	market	market characteristics	
People are becoming aware of the impact of their consumption on the society. So they want a company that pays attention to the environment, its workers etc. otherwise they will lose faith in us and they will buy other products.	consumer seek to connect with the brand value	consumer	market	market characteristics	
what makes the difference is the power of the brands and the low price gap between NB product and PL products.	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	

Therefore, I believe that the agility of PL brands is a real threat for us	PL are agile	agility	competitive advantage	resources and capability	
The soft drink industry is quite an exception because the brands really motivates the choice of the consumer and for that reason, PL products sell less than in other categories.	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
brands are so established in the mind of the consumer that all supermarket must have them in their shelves	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
PL adapt really quickly in the market	PL are agile	agility	competitive advantage	resources and capability	
what will differentiate us is our image, PL brands do not have this identity and therefore, the shopper will rather remember our product than PL's.	reputation is an advantage for NB to differentiate from PL	brand	competitive advantage	resources and capability	
So today, in the mind of consumers, the real taste of cola is Coca-Cola and for that reason, they generally prefer buying a Coca-Cola than a private label.	consumer are looking for brands	consumer	market	market characteristics	
PL brands have the potential to challenge us because they are really agile, flexible and therefore they are really quick in imitating, launching products and following trends.	PL directly imitates NB	agility	competitive advantage	resources and capability	
It can be a good tactic for them to be as much flexible and agile as it can be in order to launch products before big brands.	PL are agile	agility	competitive advantage	resources and capability	
I think that agility is quite important in the soft drinks industry.	PL are agile	agility	competitive advantage	resources and capability	
NB can capitalize on the reputation of the brands, the history of the brands and the link it has managed to build with the consumers is extremely important.	reputation is an advantage for NB to differentiate from PL	brand reputation	competitive advantage	resources and capability	
They understand what is important for the consumers and they want to offer products that embody the values of the consumers	consumer seek to connect with the brand value	brand	competitive advantage	resources and capability	
Today, the consumer is looking for more than just buying a product, the product has to connect with their values	consumer seek to connect with the brand value	consumer	competitive advantage	resources and capability	
in some way, smaller brands can really challenge bigger multinational brands through their values and what they stand for.	brands connect with consumers through their values	brand	competitive advantage	resources and capability	
we have to keep in mind that the brands is really important in the soft drinks industry	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
the consumers is buying according to the brands, they are looking for brands.	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
They are looking for a packaging, for a taste and this explains why the PL brands are still small in the market in comparison to other categories.	consumers seek product quality	consumer	market	market characteristics	
PL brands are adapting faster to market trends and they are really flexible in the market.	PL react faster	agility	competitive advantage	resources and capability	
The brand name is the first motivator for the consumer during the buying process in the soft drinks industry	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
PL are clearly missing an identity	reputation is an advantage for NB to	brand	competitive advantage	resources and capability	

	differentiate from PL				
the quality of PL brands will increase but they lack the history that multinational NB have.	reputation is an advantage for NB to differentiate from PL	brand	competitive advantage	resources and capability	
, I believe that the brands is really important for the market.	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
And also, the taste is really important	consumers seek product quality	consumer	market	market characteristics	
Some studies have shown that when NB innovate less, PL brands grow more quickly.	brands differentiate through their innovation capability	innovation capability	competitive advantage	resources and capability	
then, PL brands are innovative. PL brands have really focused on innovation and this shows that they are able to adapt to market trends	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
The consumer is looking for more natural and healthy product and in that context, they will look for more local and smaller brands with strong values.	consumer seek to connect with the brand value	consumer	competitive advantage	resources and capability	
brand stays the most important thing for the consumer <i>in fine</i> .	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
This explains why PL brands are paying more attention to market trends	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
consumers keep buying NB products because of the brand image.	consumer are looking for brands	brand	competitive advantage	resources and capability	
some products have a true taste and therefore consumers cannot switch	consumers seek product quality	consumer	market	market characteristics	
And we can ask ourselves if PL brands work with consulting firms to analyse market trends.	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
The society is asking for natural and healthy products and therefore, it implies that PL brands also adapt their offer to respond to those new trends.	PL innovate	adapt to market trends	competitive dynamics	differentiation strategy	innovation
there is more and more confusion between the PL brands and NB products. Because PL brands are also quite good at identifying the tendencies and copying NB products. Today, we see a growing number of organic PL products for example	PL innovate	adapt to market trends	competitive dynamics	differentiation strategy	innovation
Today, mass-consumption does not interest the consumer anymore and people seek individualization. People are willing to buy products that connect with them.	consumer seek to connect with the brand value	consumer	market	market characteristics	
People are reluctant to buy PL products because they have a negative perception of those products. They think the quality will not be as good as the NB products	consumers seek product quality	product quality	competitive advantage	resources and capability	
Also, consumers think that PL brands have unattractive packaging and this is a true obstacle to consumer consumption.	consumer seek distinctive packaging	consumer	market	market characteristics	
Consumers buy certain type of products because they connect with the brand, its values and they look for immaterial benefits	consumer seek to connect with the brand value	consumer	competitive advantage	resources and capability	

In the soft category, the situation is a bit more difficult because the market has strong brands. For example, in the colas segments, the PL brands are not growing because the name Coca-Cola is too strong	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
the soft drinks industry, it seems more complicated because the brand name is quite important in this market	consumer are looking for brands	brand reputation	competitive advantage	resources and capability	
PL brands are offering ecological products, local products etc. and this shows that they are able to follow the trends	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
they imitate faster the quality and taste of their products is getting closer to NB products. So basically, their quality is improving and they are challenging NB brands	PL react faster	quality improvement	competitive dynamics	differentiation strategy	innovation
But their innovation is quite limited and they have not been able to launch products that stand out in the market yet. They just copy the tastes and the best-selling format by industrials.	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
and we clearly see that ecological or local PL products are the ones that have the highest growth.	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
PL brands simply offer copycats that copy tastes, colors, packaging and format that already exist in the market	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
They do not try to differentiate, they chose to copy the same thing. They keep their role of follower	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
I have to admit that they have been able to innovate because they are able to copy more and more quickly.	PL react faster	product innovation	competitive dynamics	differentiation strategy	innovation
Well, they try to attract the client through promotion and price comparisons. But it is true that promotion is mostly used by NB	PL' style of competition is aggressive	aggressive and direct competition	competitive dynamics	competition style	
Or PL brands make comparative ads in order to show they are less expensive	PL' style of competition is aggressive	aggressive and direct competition	competitive dynamics	competition style	
regarding the competition, PL brands are more aggressive	PL' style of competition is aggressive	aggressive and direct competition	competitive dynamics	competition style	
But PL do not have the brand nor the identity.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
First, the investment in marketing and communication as it builds the image that that they have. This is what create all he history around the brands.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
PL brands do not have their own advertising campaigns and communication. It would require to create specific brands with specific advertising campaigns and this is not the case for now.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
there is a risk that PL start to invest more in marketing and start creating a true identity for their brands. Then, their products could become substitute and this would be threatening for NB brands.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
main challenge for PL brands is to create a true identity, improve the quality of their products and invest more on their brands through advertising	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising

And their main advantage is that they are able to offer these innovations at a lower price.	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
Today, PL brands do not have an identity and the advertising does not focus on the brands but on the retail store name. They will advertise for Carrefour but not for the cola brand of Carrefour	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
the most important thing in the identity of the brands. Therefore, advertising is absolutely necessary to create a link with the consumer and increase the visibility of the brand	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
And advertising is important because it maintains the reputation.	NB maintain a link with consumer through advertising investment	build brand reputation	competitive dynamics	differentiation strategy	advertising
NB can especially differentiate through advertising because it creates brand love, reputation and it creates experience around the consumption of the product.	NB maintain a link with consumer through advertising investment	build brand reputation	competitive dynamics	differentiation strategy	advertising
First NB need to invest in the brand in order to maintain our reputation and our identity.	NB maintain a link with consumer through advertising investment	build brand reputation	competitive dynamics	differentiation strategy	advertising
So I think that NB have to keep investing in quality and also on advertising in order to communicate on this	pl should communicate on their quality through advertising	communicate on quality	competitive dynamics	differentiation strategy	advertising
And so, if PL brands start to communicate on their values and engage on corporate social responsibility, then according to me, they can clearly be compared to a NB brand.	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising
advertising is important to create the story around the brands and maintain the link between the brand and the consumer.	consumer seek to connect with the brand value	connect with consumers	competitive dynamics	differentiation strategy	advertising
PL simply offer a product but they do not communicate on immaterial benefits. advertising can definitely be axes of development for them	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising
Then, the challenge for NB is that they constantly have to keep communicating on their products and on their brands in order to maintain their reputation and the link with the consumer.	NB maintain a link with consumer through advertising investment	build brand reputation	competitive dynamics	differentiation strategy	advertising
it is no longer sufficient to communicate on the advantage of the product you are selling. Consumers buy your brands because they shares its values, its culture and because they understand the history of the brand	consumer seek to connect with the brand value	consumer	market	market characteristics	
yes completely because through those marketing investments they will be able to create a link with their consumers	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising

They could do many things and they have the means to create a link with their consumers; they have data from the stores and they could find ways to communicate more	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising
Then NB have to maintain our investment in advertising in order to maintain the identity of the brand and the link with the consumer	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising
I think it is important for NB to communicate in the stores through trade marketing, sampling sessions etc. it is through those marketing actions that NB stay in the mind of the consumer.	PL have to invest in advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising
in the soft drinks industry, the consumer buy brands and experience and so it might be difficult for PL brands to compete	consumer are looking for brands	consumer	market	market characteristics	
First, obviously the taste of product plays an important role.	consumers seek product quality	consumer	market	market characteristics	
for the rest, we simply have the perception that they only produce copycats and they do not try to innovate	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
You ask him to pay more so you have to justify the price. And this can be through several things: by a better quality	consumers seek product quality	consumer	market	market characteristics	
The society is asking for natural and healthy products and therefore, it implies that PL brands also adapt their offer to respond to those new trends.	consumers seek product quality	consumer	market	market characteristics	
, the price gap between NB products and PL products is quite low and for that reason, the consumer will accept to pay a bit more in order to buy the NB product. Buying the NB brands will not have a huge impact on consumers' budget.	consumers seek product quality	consumer	market	market characteristics	
Plus, PL position themselves as followers and therefore, they do not take risks when they launch products. They are very reactive and they wait for other industrials to launch their innovation, test the market and then PL brands come in the game	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
they do not take focus much on studying the market and producing very qualitative products. What really matters for the PL brand is to move fast and react quickly in order to copy NB brands innovations	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
Having a promotion on a PL brands which is already cheaper than NB does not attract people. But having a promotion on Coca-Cola will attract people as this brand is bought by most of soft drinks consumers. And it is also a way for NB brands to communicate on their brands, especially when they launch a new product.	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion
Innovation is key for PL brands because it enable the PL brand to differentiate.	brands differentiate through their innovation capability	innovation capability	competitive advantage	resources and capability	
it is not well marketed as PL do not communicate on their products. They do not create a story around their brands	PL have to invest in advertising to connect with consumers	build brand identity	competitive dynamics	differentiation strategy	advertising

If PL brands invested more in marketing and in advertising to communicate on their brands, I think they would be more challenging.	PL have to invest in advertising to connect with consumers	build brand identity	competitive dynamics	differentiation strategy	advertising
the main advantage of PL is the price as most of the time, their products are cheaper than NB products	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
their first advantage is their price. They are less expensive than NB brands	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
their first advantage is the price	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
I think PL's main advantage is the price.	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
PL's competitive advantage is clearly the price.	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
we know that the shoppers are quite different and therefore the advantage of PL brands is the price.	PL are cheaper	low price	competitive dynamics	cost leadership strategy	
because of their positioning and their low cost strategy. If they invest in marketing and in advertising, they will have to raise their price to compensate the cost increase. And they would get closer to NB brands in terms of price and they will no longer position themselves as the cheaper alternative.	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
So if they invest in marketing, it will increase their costs and therefore they will have to raise their price in order to stay profitable. Therefore, the price gap between PL brands and NB will be reduced and they would probably lose consumers.	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
but PL have a secondary role in the market because overall, their positioning is to offer a cheaper alternative	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
there is a price war in the soft drinks market and prices are going down for NB products. So the price gap is getting smaller and therefore, the advantage of PL brands is getting smaller.	the price gap between NB and PL is lowering	market	market	market characteristics	
PL brands are a threat because as long as the price war continues, retailers will put a lot of attention in developing their PL brands		market	market	market characteristics	
As Lidl's PL products are qualitative, the consumers continue going shopping in their stores. I do not think that other retailers such as Leclerc adopt the same strategy as Lidl's but this can show the potential of PL products to other retailers		market	market	market characteristics	
As they see that PL products can also be successful in other categories, I strongly believe that retailers will increase their investment in PL products and in innovation. More precisely, they will increase their investment in the qualitative and premium PL products.		market	market	market characteristics	
considering packaging, PL do not invest much either, as they keep it pretty simple. So, I think NB products can also differentiate through their packaging and the offer of different formats.	brands should invest in differentiated packaging	packaging innovation	competitive dynamics	differentiation strategy	innovation

NB have to invest in the packaging, in digital marketing.	brands should invest in differentiated packaging	packaging innovation	competitive dynamics	differentiation strategy	innovation
NB have to keep innovating, especially in the packaging and we have to include actual environmental problems to our reflection	brands should invest in differentiated packaging	packaging innovation	competitive dynamics	differentiation strategy	innovation
in a way they are innovating because improving the quality of your product also means that you have to improve your processes of production, or maybe find a supplier with better standards of production	PL have improved their quality	product innovation	competitive dynamics	differentiation strategy	innovation
in some categories, PL are more premium. For example, in the lemonade category, you can find PL brands with differentiating features in terms of flavours, packaging for example.	PL have improved their quality	product innovation	competitive dynamics	differentiation strategy	innovation
I think that there is a real acceleration linked with the fact that PL brands are innovative.	PL have improved their quality	product innovation	competitive dynamics	differentiation strategy	innovation
We have to keep innovating in our factories in order to reduce plastic waste.	NB innovate to differentiate	product innovation	competitive dynamics	differentiation strategy	innovation
generally, PL copy NB brands. They manage to do it quickly thanks to their supplier	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
regarding the packaging they do not invest a lot, they keep it simple, they just copy NB packaging. They use the same colours, the same typology, the same name so it takes less time for them. Copying does not take that much time and PL brands are able to do it well.	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
Well yes, there is a premiumization of PL. We can see it through the appearance of ecological PL products.	PL have improved their quality	product innovation	competitive dynamics	differentiation strategy	innovation
I really believe that NB should maintain their investments in innovation and in R&D	NB innovate to differentiate	product innovation	competitive dynamics	differentiation strategy	innovation
You ask him to pay more so you have to justify the price. And this can be through several things: by a better quality	consumers seek product quality	product quality	competitive advantage	resources and capability	
the suppliers of NB products also supply PL brands. Therefore, this explains why PL products' quality has improved	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
think PL follow the trend and therefore they have to improve the quality of their products.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
PL are improving their quality and they manage to maintain their price lower than NB	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
NB also have to invest in our product in order to maintain our quality.	consumers seek product quality	quality improvement	competitive dynamics	differentiation strategy	innovation
the quality of PL products has really improved.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
the premiumization of PL products comes with their attempts to follow the trends and offering more qualitative products.	PL are premiumizing	quality improvement	competitive dynamics	differentiation strategy	innovation
I think that PL brands can do several things in order to challenge NB. First, PL can invest in developing segments, such as the flavoured water or ready to drink tea segments. The risk is that they arrive in those segments before us	PL react faster	adapt to market trends	competitive dynamics	differentiation strategy	innovation
those segments are developing, consumer demand is increasing quickly and therefore PL brands will certainly invest those segments.	PL react faster	adapt to market trends	competitive dynamics	differentiation strategy	innovation

I think that PL brands tend rather to copy. I do not have the feeling that PL brands are innovating.	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
NB innovate and go first and then PL brands arrive with a me-too product	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
PL brands do not have their own advertising campaigns but retail channels invest a lot in marketing to create brand love around their stores and increase traffic.	retailer use PL brands to differentiate	retailer positioning	market	market characteristics	
We can give the example of Monoprix whose PL brands' packaging contains messages and funny messages. And so there was a real excitement around it and this is clearly comparable to what a big brand could do. But then again, it also depends on the positioning of the retail channel.	retailer use PL brands to differentiate	retailer positioning	market	market characteristics	
Then It depends of the retailers I guess. If we look at Intermarché, or Leclerc, the advantage is the price. Then I think PL brands are diversifying and they are beginning to premiumize. We can notice it in Monoprix or in Carrefour	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
I think that some external factors also encouraged such premiumization. I think that the price war within the soft drinks industry particularly pushed PL brands to rethink their positioning.	PL are upgrading their positioning	shift to superior positioning	competitive dynamics	positioning	
To stay competitive, NB brands considerably reduced their price in the market. As their price were already pretty low, it was getting more difficult for PL to compete exclusively on the price. They had to differentiate and rethink their value proposition in order to stay in the competition.	PL are upgrading their positioning	shift to superior positioning	competitive dynamics	positioning	
Finally, I think that they can no longer compete only on the price, especially because of the price war, and for that reason, they will try to differentiate through other factors.	PL are upgrading their positioning	shift to superior positioning	competitive dynamics	positioning	
There will always be economic PL products but it will not be as important as premium PL products because today consumers want quality	consumers seek product quality	quality improvement	competitive dynamics	differentiation strategy	innovation
yes, we cannot take actions directly because the retailers also sell our products. Therefore, if we want to maintain our relationship with our distributors, we cannot afford to attack their PL brands.	NB adopt a wait and see attitude	wait and see attitude	competitive dynamics	competition style	
we rarely saw an initiative of PL brands to innovate in the market	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
it is quite difficult for NB brands to take direct actions against PL brands because they are owned by the distributors. Then, when we make recommendations on the assortments for example, we do not suggest to the retailers to get rid of its PL products because it would hurt our collaboration.	NB adopt a wait and see attitude	wait and see attitude	competitive dynamics	competition style	
Innovation and communication are key because it creates actuality and it directly connects the brands with the shopper	consumers seek to connect with the brand value	connect with consumers	competitive dynamics	differentiation strategy	advertising
From a commercial point of view, it's a sensitive subject. You cannot really attack their PL brands.	NB adopt a wait and see attitude	wait and see attitude	competitive dynamics	competition style	

maybe NB brands are too confident and do not imagine that brands with less money and less power would be serious competitors	NB adopt a wait and see attitude	wait and see attitude	competitive dynamics	competition style	
they have been able to enter new developing markets such as the ready to drink segments and the flavoured waters. They have been able to follow the trends and the big brands through their me-too products.	pl study market trends	agility	competitive advantage	resources and capability	
NB would not attack them directly because it would hurt the relationship with the distributors.	NB adopt a wait and see attitude	wait and see attitude	competitive dynamics	competition style	
Today, consumers are willing to buy ecological, natural and more local products,	consumer seek to connect with the brand value	consumer	market	market characteristics	
. There is a premiumization of the whole fast moving goods industry and therefore, all the actors follow the trend	the market is premiumizing	market	market	market characteristics	
Consumers want more premium products today and this will motivate PL brands to premiumize their offer in order to adapt	PL are premiumizing	quality improvement	competitive dynamics	differentiation strategy	innovation
the price elasticity of the market is really low. Therefore, a price increase or decrease will not have a great impact on the sales and consumers will still buy the brands.	low elasticity favors NB over PL	market	market	market characteristics	
The main opportunity for PL brands is to enter new developing market before big brands. It can be the case in some small offers such as the local, traditional and ecological products.	PL adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
we see that PL brands are offering more qualitative products and maybe they have to invest in categories where the taste are simpler.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
Those smaller brands can communicate those values through their packagings and therefore, they can reach the consumer that way.	packaging as communication levers	packaging innovation	competitive dynamics	differentiation strategy	innovation
think that such communication are useful to convey a message to the consumers showing that their products are qualitative	pl should communicate on their quality through advertising	communication on quality	competitive dynamics	differentiation strategy	advertising
aggressive competition is in the DNA of the PL. they will keep imitating and making comparisons because this is how they survive	PL' style of competition is aggressive	aggressive and direct competition	competitive dynamics	competition style	
PL brands could increase their price but I do not think it is their role in the market to be more expensive than NB products.	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
I think the consumer would not understand if the PL brands had higher prices because they do less than NB in terms of investments.	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
the retailers communicate globally on their names but they rarely do specific campaigns focusing on PL brands names	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
I do not think that PL's role is to have comparable prices.	pl should maintain their low cost positioning	maintain inferior positioning	competitive dynamics	positioning	
in the FMCG industry, we have noticed a global premiumization with consumers focusing on quality. And, in their minds, quality is rather linked to the NB rather than to PL brands.	PL are premiumizing	quality improvement	competitive dynamics	differentiation strategy	innovation

NB have to keep innovating and investing in their brands.	NB innovate to differentiate	product innovation	competitive dynamics	differentiation strategy	innovation
I believe that that innovation is also key and NB brands have to keep investing in R&D in order to fully be aware of the trends and of the consumers' needs.	NB innovate to differentiate	product innovation	competitive dynamics	differentiation strategy	innovation
, PL brands managers pay a close attention to market trends	PL innovate	adapt to market trends	competitive dynamics	differentiation strategy	innovation
This has really changed the role of PL products within the store as they are considered as real brands for us. In that context, before launching a new product, we take time to analyse the market and make sure that our product will answer the consumers' needs and position it correctly.	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
PL brand manager can choose to launch a me-too product. In other words, brand managers identify an opportunity in the market and launch an imitation of NB product.	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
PL brands are also able to innovate. Brands managers can choose to launch a product that is not offered by NB in the market	PL invest in innovation to launch new products, improve their products or processes	product innovation	competitive dynamics	differentiation strategy	innovation
a greater importance is given to innovation and market analysis.	pl adapt to market trends	adapt to market trends	competitive dynamics	differentiation strategy	innovation
PL brands are increasingly trying to differentiate in the market	PL are premiumizing	quality improvement	competitive dynamics	differentiation strategy	innovation
Yes PL brands are definitely premiumizing in the soft drinks industry.	PL are premiumizing	quality improvement	competitive dynamics	differentiation strategy	innovation
quality is improving a lot and PL brands manager put a strong focus on this.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
PL products we have quality standards and our supplier have to respect them.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
Also we make comparison test with NB products in order to make sure that our product is as good or even better than the NB product	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
PL brands have put a lot of focus in improving their quality and today we can say that their products are comparable to NB products	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
But PL still have a lot of effort to make on marketing and communication. Today PL brands do not have an identity and retailers do not communicate enough on them.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
PL brand manager have to focus more on the packaging as it really reflects the identity of the brand;	packaging as communication levers	packaging innovation	competitive dynamics	differentiation strategy	innovation
PL products' packaging are often mere copies of NB products. And therefore, PL products are just copies in the mind of the consumers	PL directly imitates NB	imitation	competitive dynamics	cost leadership strategy	
it is important for PL brands to invest in the brands to connect with consumers and build their own identity	PL have to invest in marketing and advertising to connect with consumers	connect with consumers	competitive dynamics	differentiation strategy	advertising

the main challenge today for PL brands is the construction of an identity so that the consumer can better understand the brand and its role in the market.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
retailers are seeking to build an identity for their brands. Their aim is to create a strong identity for the PL brand in order to increase awareness among consumers and increase their involvement with the brand.	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
there is a true objective to invest on PL brands and increase their visibility in the market.	PL have to invest in advertising to increase visibility	connect with consumers	competitive dynamics	differentiation strategy	advertising
And today, there is a true focus on PL brands and on building its identity and create a link of the consumer.	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
Yes completely because this is also through the packaging that we communicate with our consumer	packaging as communication levers	packaging innovation	competitive dynamics	differentiation strategy	innovation
it takes time but it will develop in the future as we know it is through communication that we will create an identity and recruit new consumers	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
, we have product managers in charge of developing PL products just like for NB. Therefore, they have access to market datas, professional journals, consumer datas through the use of panels like Nielsen and Kantar. That way, they analyse the markets, the trends and they also work with trends agency so they are able to respond very fast to new consumer needs in the market.	PL innovate	adapt to market trends	competitive dynamics	differentiation strategy	innovation
some PL brands have the capacity to become more premium in some cases than the NB	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
I think we should not underestimate the PL brand as they are clearly improving their quality and investing in new trends and in advertising.	PL have improved their quality	quality improvement	competitive dynamics	differentiation strategy	innovation
retailers first seek to increase their margin and they can do it through the production of PL brands that will provide a cheaper alternative to the consumer	PL are profitable	retailer positioning	market	market characteristics	
, Auchan launched its label La Vie en Bleu which identify natural and healthy products for its consumers. Interestingly, the retailer chose both PL products and NB instead of only choosing its own PL products	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
Some retailers have succeeded in creating an inspiring image of their PL brands such as Decathlon or Monoprix	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
what we begin to see is that consumers sometimes chose to buy in one store because they like the PL brands. It might not be the case for soft drinks products but in other categories, this might be the case.	retailer use PL brands to differentiate	retailer positioning	market	market characteristics	
The thing with PL brands is that they are only present in the retail channel which produces it whereas NB brands can be found in more	retailer use PL brands to win consumer's loyalty	retailer positioning	market	market characteristics	

store. Retail channels can increase loyalty through the price, the offer and PL brands					
So in a way, having a good PL brands can be a way for the retail store to differentiate.	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
But this requires investments and they might not be willing to pay for that. But it also depends on the retail channels as some really invest more in their PL brands.	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
Probably, the shopper would not understand the offer. Because PL products target price sensitive consumers so I do not think they would buy those mini-formats.	NB and PL consumers are different	consumer	market	market characteristics	
PL do not communicate on their brands. But then again, it can depend on the store and on the category.	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
the particularity of the hard discount channel is that the shops are quite small and therefore, the offer is also reduced. In that context, retailers still favour NB products within the soft drinks industry	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
, PL brands are really profitable for the retailers	PL are profitable	retailer positioning	market	market characteristics	
Carrefour, we have brand manager for PL products and they are in contact with the R&D departments, and they also study the market. That way, they are aware of market tendencies, shoppers behaviors and consumer needs.	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
And this is particularly interesting for retail channel because they can differentiate through their PL offer. Indeed, all retail channel possess NB brands. In the soft drinks industry, retailers all sell Coca-Cola, Pepsi etc. on the contrary, PL brands is specific to the store and therefore, retailers can really differentiate through them	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
Also, retailers are aware of the new trends for advertising and they are increasingly using digital marketing to connect with their consumers	retailer positioning affects PL positioning	retailer positioning	market	market characteristics	
We really speak of two different types of shopper and therefore, I think that it will be difficult for PL brands to emerge.	NB and PL consumers are different	consumer	market	market characteristics	
the key for the development and the success of PL brands is to build an identity	PL have to invest in advertising to build brand identity	build brand identity	competitive dynamics	differentiation strategy	advertising
I really think that retailers can use PL to win consumer's loyalty	retailer use PL brands to win consumer's loyalty	retailer positioning	market	market characteristics	
So today, PL can be a way for the retail channels to win the consumers' loyalty	retailer use PL brands to win consumer's loyalty	retailer positioning	market	market characteristics	
Retail channels can increase consumer's loyalty through the price, the offer and PL brands. So if you think that way, it makes sense to invest on your PL brands.	retailer use PL brands to win consumer's loyalty	retailer positioning	market	market characteristics	

So in a way, having a good PL brand can be a way for the retail store to differentiate	retailer use PL brands to win consumer's loyalty	retailer positioning	market	market characteristics	
promotion create a downward spiral where price becomes the only factor of focus. It makes the consumer price sensitive.	promotion makes the consumer price sensitive	create brand awareness	competitive dynamics	differentiation strategy	promotion
promotion is useful for brand because it increases brand awareness and it attracts people in the store.	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion
Promotion is especially interesting during the product introduction phase in order to quickly increase the brand awareness and the distribution of your products.	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion
promotion enables brands to increase brands awareness.	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion
promotion can support innovation as it can really increase the visibility of the product in the store. Promotion can be used to encourage the consumer to try our products.	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion
promotion increases brand awareness and visibility in the market. NB especially use it in order to increase the visibility of their innovations	promotion increases brand awareness and increases innovations' visibility	create brand awareness	competitive dynamics	differentiation strategy	promotion

Appendix 9 : interviews transcript