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Golden Era of PB: Who Reaped the Fruits of Growth?

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Golden Era of PB: Who Reaped the Fruits of Growth?

Jinkook Lee, Fellow at KDI

“The rise of the market for private-label brands (PB) has elevated the profits of corporate retailers but has not significantly affected, or in some cases reduced, those of subcontracting manufacturers. This is not only due to the significant cannibalization effect on national brands (NB) caused by the release of similar PBs, but also because the imbalance in the bargaining positions of retailers and manufacturers has caused operating profits to be set low while retail margins are set high. Accordingly, the time has come to prioritize the establishment of a fair trade order to promote the balanced development of the PB business. Violations of the ban on requesting management information on manufacturers must be closely examined and stronger punishment and penalties are needed for violations against the Act on Fair Transactions in Large Franchise and Retail Business. Additionally, manufacturers need to actively utilize government programs designed to support sales channels and to seek ways to advance into overseas markets.”

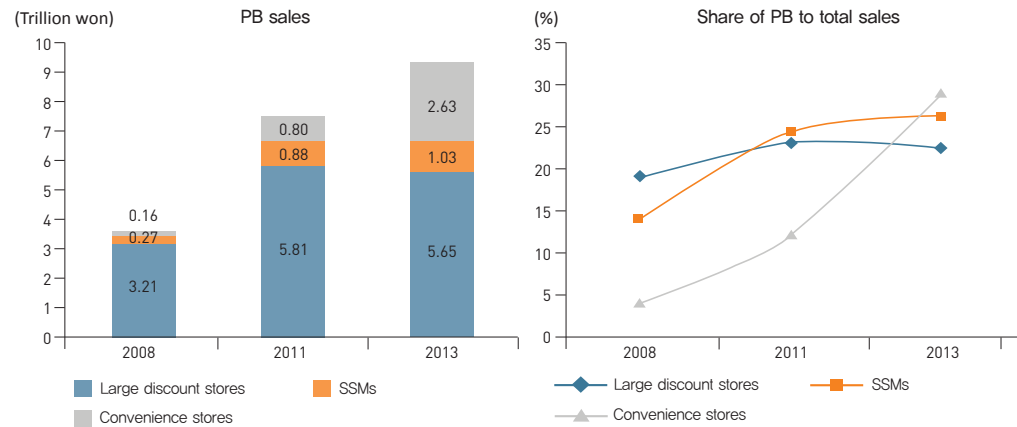
I . Introduction

Beginning with food and daily necessities and now spanning across all consumer goods, the private brands (PB) of corporate retailers are booming in Korea. An increasing number of PBs are rising as top sellers, product quality now rivals that of national brands (NB)¹⁾ and

Private brands (PB) have exhibited a remarkable expansion based on product diversity and quality enhancement.

1) Private brand (PB) product is a type of goods produced by one company (manufacturer) for exclusive sale under another company's (retailer) brand and available only at its stores. National brand (NB) product refers to the manufactured goods for sale under the manufacturer's brand and available at any store around the country.

[Figure 1] PB Sales (left) and Share of PB to Total Sales (right): Comparison between Large Discount Stores, SSMs and Convenience Stores



Note: Each category represents the top three chains with the highest sales.

Source: Calculated using the Yearbook of Retailers (2009-15) and companies' annual reports (same period).

the market size accounts for one fourth of the total sales in the corporate retail industry. Indeed, we have entered the golden age of the PB market, with large discount stores, super supermarkets (SSM) and convenience stores at the helm.

Despite this impressive growth, however, we are only just beginning to understand PB. Official statistics are so lacking, data from several sources and numerous calculations are required to even figure out the size of the market. Moreover, key issues that are critical for the understanding of the PB business—the industrial background of market growth; its impact on the growth of the retail and manufacturing industries; and PB development methods and types and frequency of unfair trade practices—have yet to be empirically analyzed.

Accordingly, the growth of the PB market necessitates a concrete understanding of and objective views on the PB business. In this regard, this study closely examines the domestic PB industry using micro-data obtained from retailers and manufacturers. Thereupon, suggestions will be presented on the policy direction for shared growth and fair market order.

II . Current Status of the Domestic PB Market

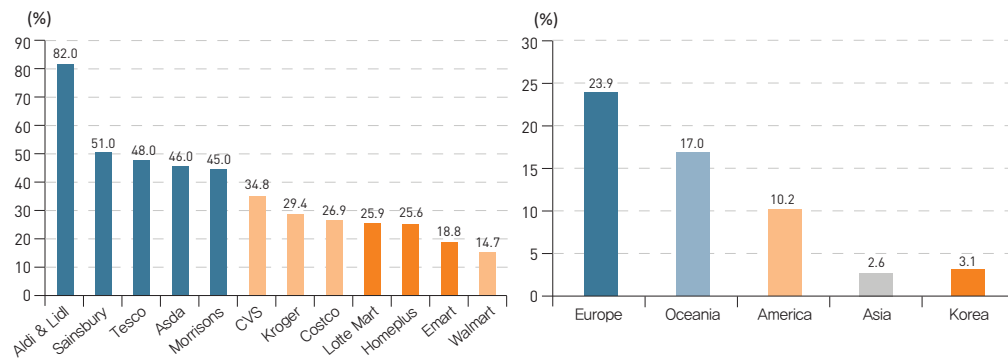
PB sales took off in earnest from the late 2000s. The market grew 2.5 fold in five years from 3.6 trillion won in 2008 to 9.3 trillion won in 2013 (left panel of Figure 1).²⁾ And although the economic slowdown weakened the overall consumer sentiment during this period, the PB market maintained its upward momentum, owing to the increasing demand

2) The sum of PB sales at all samples (=3 major large discount store chains + 3 major SSM chains + 3 convenience store chains). PB sales at other retailers besides them are reported, though irregularly, in the Korea Chain Store Association's Yearbook of Retailers, but their share is less than 1% of the total PB sales in each business type. See Lee (2017) for detailed statistics.

This study analyzes the effect of increased PB sales on the growth of the retail and manufacturing industries and suggests policy directions for shared growth and fair market order.

The PB market grew significantly from 3.6 trillion won in 2008 to 9.3 trillion won in 2013.

[Figure 2] Share of PB Sales: By Retail Chain (left) and Continent (right)



Note: 1) Share of PB sales by company (% as of 2014) = PB sales / Company sales

2) Share of PB sales by country (% as of 2013) = Total PB sales / Total retailer sales. The share of PB sales by continent is the mean of the share of PB sales by countries within the continent.

Source: Calculated using PLMA (2014); Nielsen (2014); Korea Chain Store Association (2014); Statistics Korea, "Wholesale and Retail Trade Survey Micro Data," 2013.

for economical products and supply of PB products at all types of retail channels.

Large discount stores, from where the PB market was borne, are still the largest sellers of PBs. However, heated competition and market restrictions have dampened their sales growth since 2011. Rather, convenience stores are now spurring the growth, with the three largest chains—GS25, 7-Eleven and CU—increasing their PB sales by a staggering 16 fold and share of PB sales to 28.8% from 2008 to 2013 (Figure 1). This was possible because, unlike large discount stores and SSMs, convenience stores are not bound by restrictions in terms of opening new stores. Also, 24-hour operations and convenient food-based PBs meet the needs of both the local community and single-person households.

Indeed, the axis of the PB market is shifting towards convenience stores at an accelerated pace. In fact, large discount store chains like Emart and Homeplus are now entering the convenience store business.³⁾

When compared to foreign retailers (left panel in Figure 2), Korean retail chains' share of PB sales is not much lower than that of their global counterparts; below Aldi & Lidl, Sainsbury and Tesco but similar to Kroger, Costco and Walmart.

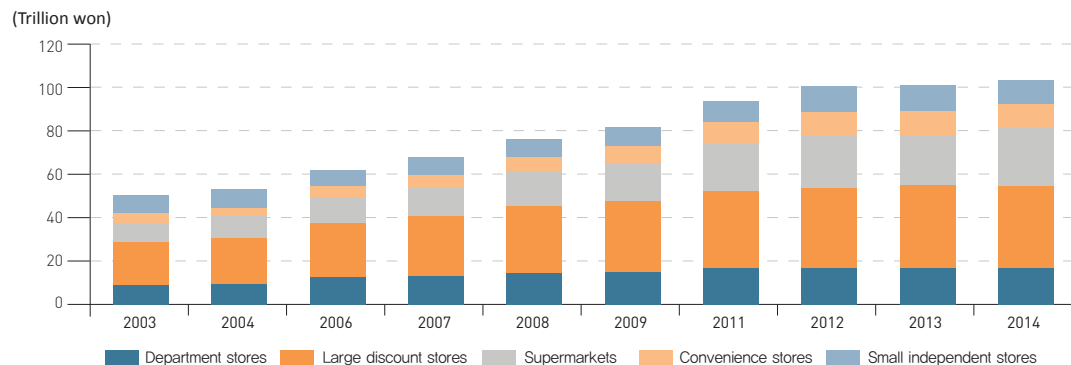
On the other hand, the PB sale in Korea's retail trade (general retail + specialized retail) accounts for a mere 3.1% (right panel in Figure 2).⁴⁾ This is slightly higher than Asia's average but far below that of Europe, Oceania and America, where the retail industries are more advanced. Still, Korea's PB market is still in its infancy, so there is potential for further growth. This may be true particularly as Korea's PB market is exhibiting a similar development pattern to its counterparts in Europe—wherein the oligopoly of a few companies have helped advance the PB business.

Large discount stores gave rise to the PB market but convenience stores are currently leading the sales growth.

Domestic retailers' share of PB sales has grown to a similar level as global leaders and there is potential for future growth.

3) Since starting their convenience store business, Emart and Homeplus have actively expanded the number of stores (With Me and 365PLUS, respectively). As of July 2016, there are 1,422 With Me stores and 402 365PLUS nationwide (The Korea Economic Daily, Aug. 22 2016).

4) Nielsen (2014) obtained a country's PB sales share by calculating the share of PB sales in total sales of the retail business. This study applies the same calculation to gauge Korea's PB sales so that international comparison becomes easier.

[Figure 3] Changes in Sales by Retail Business Type

Note: Corporate retail encompasses department stores, large discount stores, SSMS within supermarkets and convenience stores.

Source: Based on Statistics Korea, "Wholesale and Retail Trade Survey Micro Data," 2013-14.

III. Structural Changes behind the PB Expansion in the Retail Industry

1. Market Concentration in General Retail

The recent growth of general retail has been heavily dependent on the growth of corporate retailers.

The following examines the structural changes within the retail industry that have spurred on and nurtured PBs. Here, it is important to note that until recently, the growth of the general retail business was heavily dependent on the growth of corporate retailers. [Figure 3] shows that the market for general retail expanded by 53.7 trillion won in 2003-2014, of which 78% (41.9 trillion won) derived from the increased sales in corporate retail.⁵⁾

Accordingly, the share of corporate retailers' sales in general retail advanced from 67.8% to 73.1% over the same period. This suggests that the stake of the corporate retail business in the distribution of manufactured goods increased and buyers' power has become even stronger.

The increase in corporate retailers' sales points to an increase in purchasing power.

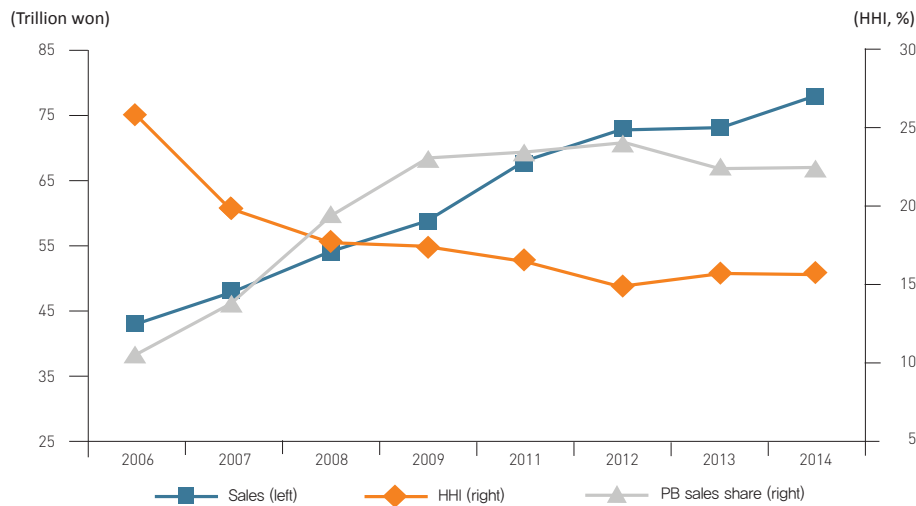
These changes may aggravate the imbalance in the bargaining position between retailers and manufacturers. As a seller, manufacturers have more economic incentive to supply their products to retailers who dominate the retail market. On the other hand, as a buyer, retailers have little difficulty in finding alternative suppliers who can offer similar or more favorable contract terms. Additionally, even when a contract is terminated, there is little impact on the total sales of corporate retailers as they have tens of thousands of products on their shelves.

The increase in buyers' power resulting from market concentration in general retail is a prerequisite to the release of PBs.

PBs are created when corporate retailers participate in the planning, production, and labeling of products. But, this is only possible if such retailers possess strong buyers' power. In other words, market concentration in general retail is a prerequisite to the creation of PBs—accordingly, small independent stores do not have PBs.

5) The Wholesale and Retail Trade Survey categorizes the types of stores based on their size, and accordingly, SSMS and general supermarkets fall into the same supermarket category, making it difficult to assess only the sales of SSMS. Based on relevant business data, this study assumes a 6 trillion won increase in SSM sales growth during the survey period.

[Figure 4] Corporate Retail Business: HHI, Sales and PB Sales Share



Note: Corporate retailers include large discount stores, SSIMs within supermarkets and convenience stores. The share of PB sales is the share of the three biggest chains of large discount stores and SSIMs, respectively.⁶⁾
Source: Based on the Korea Chain Store Association, Yearbook of Retailers (2009-15) and companies' annual reports (2009-15).

2. Intensifying Competition between Corporate Retailers

As much as the level of buyers' power determines the creation of PBs, the competition between corporate retailers affects the economic incentive to release them. In fact, the Herfindahl-Hirschman index (HHI) of corporate retailers (red line in Figure 4)⁷⁾ has been on the decline since 2006, pointing to more heated competition between rivals.⁸⁾

In the midst of the intensifying competition, if shelves were stacked with NB products, corporate retailers would have no other alternative but to engage in a discount war as a means to gain a competitive edge. This strategy, however, cannot serve as a long-term solution as the price competition would eventually diminish the purchase price and retail margin.

On the contrary, PBs offer product differentiation as corporate retailers are able to decide on the product features and sell them exclusively at their stores. Thus, they [corporate retailers] are free from consumers' direct comparison of price and quality, and can set a stable retail margin. Additionally, differentiated products mean differentiated stores, which, in turn, strengthens customer loyalty.

In all, it is evident that PBs are a profit-maximizing solution created by retailers in response to such structural changes as corporate retailer-centered market concentration and the intensifying competition between them.

The intensifying competition between retailers increases economic incentives to produce PBs.

PBs are a profit-maximizing strategy created within the structure changes prompted by corporate retailer-centered market concentration and the intensifying competition between them.

6) Three major convenience store chains are excluded in the calculation of PB sales share due to limited data. If sufficient annual data is applied, the share of PB sales (blue line in Figure 4) is expected to rise steeply to the right.

7) This study calculates HHI using the market share of each retail store, taking into account the level of observation in the Wholesale and Retail Trade Survey MDIS: $HHI = 10,000 \times \sum (s_i)^2$

8) Since the market share is calculated at the respective establishment (store) level, it would be more accurate to use 'competition between stores,' instead of 'competition between enterprises.' Considering that retailers compete with each other mostly for the number of stores and the HHI changes accordingly, it can be said that the key player in this competition is retailers.

<Table 1> Effect of a 1%p Increase in PB Sales Share on the Sales Performance of Retail Stores

1 million won	Model 1	Model 2	Model 3
Increase in sales	22.3	25.2	28.5
Increase in profit	2.7	8.3	9.0

Note: 1) PB sales share is defined as the share of PB sales in total sales in respective retail business types.

2) Above estimates are all significant at the 1% level.

Source: Statistics Korea, "Wholesale and Retail Trade Survey MDIS," 2006-14; Statistics Korea, "Economic Census MDIS," 2010; Korea Chain Store Association, the Yearbook of Retailers (2009-15); companies' annual reports (2009-15).

IV . Impact of Increased PB Sales on the Growth of Corporate Retailers

An increase in the PB sales share increases both sales and operating profit of retailer stores.

So, does increasing PB sales help retailers boost their profits? To answer, this study combined micro-data on sales performance and characteristics by retail store with information on PB sales by year and business type,⁹⁾ and then analyzed the impact of the increased sale of PBs on the retail industry.

According to estimations based on iteratively re-weighted least squares, a 1%p increase in the share of PB sales in retail stores causes an average increase of 22.30 million won in the store's sales (Model 1, Figure 1). In Model 2 and 3, which use the multipliers of establishments and their employees in the data as weights, sales were estimated to rise by 25.20-28.50 million won.

Moreover, the increase in PB sales was found to contribute to increasing profit (Table 1) with the 1%p increase causing the retail profit to rise by 2.70-9.00 million won per retail store; equivalent to 11-33% of the increase in sales.

The coefficient varies depending on the model, but all findings confirm that PBs contributed to increasing the sales and profit of retail stores. Indeed, the strategy of expanding PBs in response to a sluggish economy and heated competition seems to have been successful.

V . Impact of Increased PB Production on the Growth of Manufacturing Firms

The following focuses on the manufacturing industry and examines whether there were any trickle down effects from the growth in PB. 1,000 manufacturing suppliers [to corporate retailers]¹⁰⁾ were interviewed to compile data, and the impact of the increased

9) Combining PB sales share by store with management performance by store would be ideal, but due to the lack of necessary data, the share of PB sales by business type and year was used. The information on PB sales by retailer store should be collected by reforming the items in the Wholesale and Retail Trade Survey (Statistics Korea).

10) Currently, there are no private or public statistics on PB production and supply by manufactures. The survey was orchestrated by KDI EIEC's Public Opinion Analysis Unit from Aug. to Oct. 2016. Face-to-face interviews were conducted at the firms with their representatives or CEOs as interviewees.

<Table 2> Impact of a 1%p Increase in the PB Sales Share on the Sales of Manufacturing Firms

Billion won	Sales	NB sales share	PB sales share	No. of establishments
Large enterprises	-10.9***	86.3	4.9	52
SMEs_top	-2.8*	76.8	7.9	228
SMEs_middle	-0.7*	69.5	8.8	304
SMEs_bottom	-0.4*	68.0	8.6	226
Micro businesses	+0.2*	60.0	15.6	115

Note: 1) The share of PB sales is the share of main PB sales in the total sales of the manufacturing industry.

2) *, **, *** denote the significance at the 10%, 5% and 1% levels, respectively.

Source: Data from the survey on manufacturing establishments (Korea Development Institute, 2016).

1,000 manufacturing suppliers to corporate retailers were interviewed and the economic effects of expanding the supply of PBs were analyzed.

supply of PBs was analyzed using information on manufacturers' supply records, economic performance and business characteristics.

1. Impact on the Quantitative Growth (Sales) of Manufacturing Firms

Samples were categorized by sales and employment size and divided into five groups: ① large enterprises ② SMEs_top ③ SMEs_middle ④ SMEs_bottom and ⑤ micro businesses.¹¹⁾

According to the regression analysis (Sales in Table 2), all types of establishments, with the exception of micro businesses, exhibit reduced sales when the share of PB sales increases. The decrement in sales is in proportion to the size of the establishment and in the case of large enterprises, a 1%p increase in the share of PB sales has a tendency to reduce total sales by 1.09 billion won. This implies that the increased supply of PBs has a negative impact on the quantitative growth of manufacturing firms.

Such a reduction is mainly due to the decreased sales of manufacturers' NBs that are in competition with PBs. According to the data, the larger the firm, the more it relies on the sale of NB (NBs sales share in Figure 2) and the more top-selling NBs it has in the market (Figure 5).

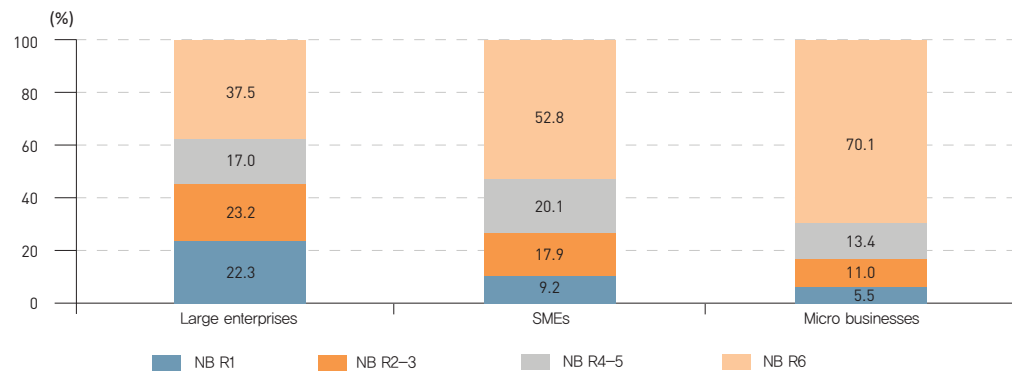
Applying the market share ranking of NBs to the analysis, it was found that a 1%p increase in the PB sales share generates higher sales losses (approximately 1.05 billion won) in firms that have top-selling NBs than in those that do not (6th or lower). This implies that the cannibalization effect—PB crowding out NB—occurs more strongly in firms that have better selling NBs in the market.

This may be due to the practices of corporate retailers who often produce PBs that are similar to best-selling NBs and place them side-by-side, or replace the latter with the former. Besides, NB consumers may make a shift to PBs influenced by a heightened recognition of PBs as being cheaper but of similar quality to NBs.

Large firms experienced a drop in total sales due to the cannibalization effect of their own products as the share of PB sales increased.

11) Large enterprises are categorized based on the sales by business type and micro business on the size of employment by business type. SMEs are categorized into 'SME_top'(at the upper 30%), 'SME_middle'(at the middle 40%) and 'SME_bottom'(at the bottom 30%) according to the size of employment.

[Figure 5] Market Share Ranking of NB By Firm Size



Note: SMEs is the average for SME_top, SME_middle and SME_bottom.

Source: Data from the survey on manufacturing establishments (Korea Development Institute, 2016).

Micro businesses experienced a weaker cannibalization effect, and PB supply helped them to secure sales channels and increase the capacity utilization rate, which increased sales.

Meanwhile, micro businesses exhibited more gains in sales after they began supplying PBs, which can be explained in the same context as the aforementioned. The NBs of micro businesses usually account for a small share of the market, and thus, the effect of cannibalization is not strong. The supply of PBs helped them to secure more sales channels and higher capacity utilization rate, which led to the increases in sales.

2. Impact on the Qualitative Growth (Operating Profit) of Manufacturing Firms

As stated above, micro businesses are the only establishments to experience quantitative growth on the increased sale of PBs, as the cannibalization effect is relatively small. Then, does quantitative growth lead to qualitative growth? Or, gains in operating profit?

According to the analysis results, there were no significant increases in the operating profit of most SMEs and even of micro businesses (Table 3). This implies that the production increase incurred by PB sales does not guarantee actual profit.¹²⁾

To examine the fundamental root of this phenomenon, this study measured how the value-added (created by PB sales) was distributed between retailers and manufacturers, and a profit sharing structure that is unfavorable to both SMEs and micro businesses was discovered.

[Figure 6] shows the share of manufacturers' production cost and operating profit and retailers' margin in the list price (=100%).¹³⁾ PBs cost less to produce compared to NBs in terms of advertising, marketing and distribution, meaning there is room for higher retail margins and operating profit—this can be observed in large enterprises.

Meanwhile, SMEs and micro businesses exhibited decreased operating profit and

No significant increases in operating profit were observed in micro businesses.

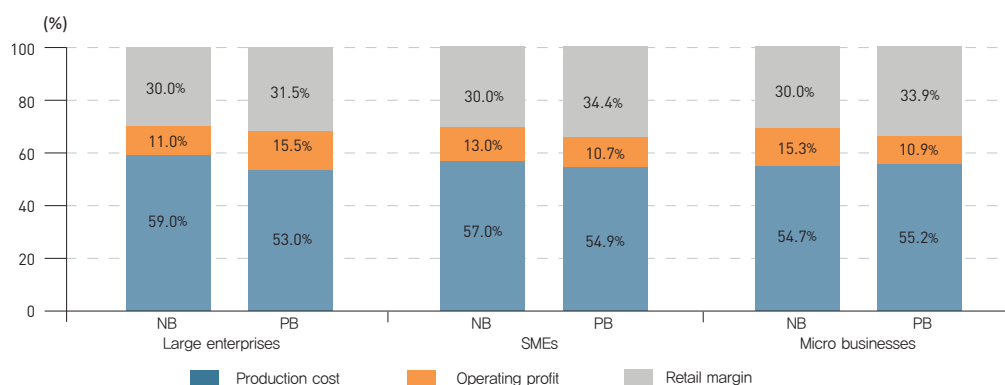
12) The effect of PB sales on operating profit showed positive coefficients in SME_middle, SME-bottom and micro businesses with statistical insignificance.

13) [Figure 6] is based on the assumption regarding the survey data (operating profit per sale, production cost per sale, supply price (unit) and list price) and marketing margin. The marketing margin of NB is set as 30%, which is the average calculated using the Wholesale and Retail Trade Survey (MDIS). A different marketing margin caused no change in the implications.

<Table 3> Impact of Increased PB Sales on the Operating Profit of Manufacturing Firms

Billion won	Large enterprises	SMEs		Micro businesses
Total sales	⊖	⊖		⊕
Total operating profit	⊖	~		~
Operating profit from PB sales	⊕	SME_top ⊕	SME_middle-SME_bottom ~	~

Note: From a 10% level: ⊕ stands for significant increase, ⊖ for significant decrease, and ~ for no significance.
Source: Data from the survey on manufacturing establishments (Korea Development Institute, 2016).

[Figure 6] NB and PB: Composition of Retail Margin, Operating Profit and Production Cost

Source: Based on data on operating profit per sales, production cost, unit price for supply and list price from the survey on manufacturing establishments (Korea Development Institute, 2016).

increased retail margins, compared to NBs. Also, the increment in their retail margin appears to be higher than that in large enterprises.

The fact that the retail margin for SMEs and micro firms is usually set relatively higher may not be a huge issue. If more effort is needed in developing PBs from retailers when dealing with SMEs and micro businesses, then the increase in the retail margin can be understood as reasonable compensation.

However, as shown in <Table 4>, most PBs have been slightly modified from NBs (51.8%) or the packaging has been merely replaced (26.2%), and 88% of this occurs in SMEs and micro businesses. This implies that the profit sharing structure may derive from an imbalance in their bargaining position.

This may help to understand the regression analysis result in which micro businesses exhibited no significant gains in their operating profit, even after their PB sales increased.

In supplying PBs, SMEs and micro businesses have a smaller operating profit ratio and larger retail margin ratio than in supplying NBs.

The unfavorable profit sharing structure for SMEs and micro businesses is possibly incurred by the imbalance in bargaining position.

VI. Survey on the Type of PB Development and Unfair Trade Experiences

Such a profit sharing structure may be closely linked to the development methods of PB products. According to <Table 5>, when asked about the development methods, approximately 31% of manufacturers claimed to have converted their NBs to PBs at the

<Table 4> Types of PBs in Comparison with NBs

	Response	Percentage
Slight modification of NB	160	51.8
Package replacement of NB	81	26.2
Entirely new product	41	13.3
Others	27	8.7
Total	309	100.0

Note: Based on companies with available data on PB sales.

Source: Data from the survey on manufacturing establishments (Korea Development Institute, 2016).

<Table 5> PB Development Methods

	Total	Large enterprises	SMEs	Micro businesses
Converting NB to PB at the recommendation of retailers	36 (11.7%)	3 (9.4%)	28 (11.2%)	5 (18.5%)
In-house development of PB	61 (19.7%)	3 (9.4%)	52 (20.8%)	6 (22.2%)
Development in partnership with retailers	212 (68.6%)	26 (81.3%)	170 (68.0%)	16 (59.3%)
Total	309 (100%)	32 (100%)	250 (100%)	27 (100%)

Note: Based on companies with available data on PB sales.

Source: Data from the survey on manufacturing establishments (Korea Development Institute, 2016).

recommendation of retailers (11.7%) or to have supplied products through in-house development as PBs (19.7%). These development methods could impede manufacturers in fostering self-reliance and competitiveness—however, SMEs (32%) and micro businesses (41%) are more prone than large enterprises (19%).

Development in partnership with retailers is the most chosen method, but even in this case, 77% of products were only slight feature modifications of NBs or the packaging had been merely replaced. Indeed, this type of product development, which enhances the substitutability between PBs and NBs, may be a profitable strategy for retailers but for manufacturers, it could create a cannibalization effect.

With respect to unfair trade practices by retailers, 30 (9.7%) out of 309 PB suppliers answered that they had experienced such practices. The survey allowed multiple answers, and the most common unfair request was cutting the supply price (20 firms, 34%), followed by a transfer of packaging costs (13 firms, 22%), coerced development of PBs (8 firms, 14%), transfer of promotional expenses (7 firms, 12%) and unreasonable returns of products (7 firms, 12%).

Of 309 PB suppliers, 30 firms (9.7%) experienced unfair trade requests from retailers, and the most common is cutting the supply price (20 firms, 34%).

VII. Conclusion and Policy Suggestions

The findings thus far show that the growth benefits created by the expansion of the PB market has clearly reached prime retailers with little trickle down effect for subcontractors. In this regard, this study suggests the following policy recommendations.

Above all, the PB business should be subject to stricter inspections and monitoring to establish a fair market order. When investigating subcontractor trade, the Fair Trade Commission should closely examine any violations of the ban on requesting management information on PB manufacturers (Article 11 of the Enforcement Decree of the Act on Fair Transactions in Large Franchise and Retail Business). By becoming involved in the PB development process, retailers may have access to suppliers' management information. And requests for reduced supply prices, the most frequently chosen item as unfair trade practice, could originate from retailers demanding or gaining access to suppliers' information. Also, of the surveyed PB manufacturers who answered that they had been coerced into complying with unfair trade practices, 83% admitted to accepting all or a part of the requests. This implies that their somewhat tepid stance is rooted in concerns over loss of profit or orders in response to any rejections of retailers' requests. To tackle this, (other than institutional efforts to encourage reporting with improved confidentiality) the Fair Trade Commissions needs to intensify ex-officio investigations and increase the penalty level for unfair trade practices so as to lower the possibility of the recurrence of such practices.

Meanwhile, SME manufacturers need to step beyond the narrow domestic market into larger PB markets abroad by actively utilizing government support programs. The Private Label Manufacturers Association (PLMA) holds trade shows and exhibitions every year in Amsterdam (May), Chicago (November) and Shanghai (December) where retailers, buyers and PB manufacturers convene to establish new channels and share product information and ideas. However, not many Korean manufacturers are aware and thus, there has been little participation. PB manufacturers need to actively utilize government programs such as support for overseas distribution network·export marketing (Ministry of SMEs and Startup) and consumer goods specialization·participation in overseas exhibitions (Ministry of Trade, Industry and Energy). At the same time, the government should focus on resolving difficulties and obstacles that these firms encounter while taking advantage of such policies and exploring trade partners. This will help to heighten the possibility for them to explore overseas markets. If manufacturing firms can successfully pioneer into new overseas markets and secure sales channels, they will become less dependent on domestic corporate retailers. This is a desirable approach, as in doing so, they will eventually earn a better bargaining position for future negotiations.

Lastly, to promote the active research of the current status of the PB industry and the economic impact, efforts must be made to enhance the research environment. Prime

The Fair Trade Commission should closely examine any violations of the ban on requesting information on production costs. And heavier punishment should be imposed on any violations of the Act on Fair Transactions in Large Franchise and Retail Business.

SME manufacturers need to step beyond the narrow domestic market into larger PB markets abroad by actively utilizing government's support programs.

examples are creating additional subcategories, such as ‘PB,’ ‘NB’ and ‘original equipment manufacturer,’ under the establishment’s sales in Statistics Korea’s annual Mining and Manufacturing Survey, or adding separate survey items that can help discern PB sales to the Wholesale and Retail Trade Survey. Or, the Korea Consumer Agency could add convenience stores and SSMs to their current targets—mostly large discount stores—for its survey on PB prices and marks. Also, a shorter survey interval than the current three-year term would be helpful in improving the practicality and use of research information.

Shared growth in the PB industry can be achieved only when the value-added created in production and sales is distributed via fair negotiations and contracts by market participants. PBs has the potential to serve as a means for a win-win in the cooperation between retailers and manufacturers. To prevent PBs from being just another subcontract, the industry should put in voluntary efforts and the government should make legal and institutional efforts.

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