Private Labels vs. National Brands: Revisiting the Perception Gap

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Abstract

Private labels (PLs) have gained substantial market share and improved markedly in objective quality, yet it remains unclear whether consumer perceptions have kept pace with these developments. Drawing on previously defined halo effects and branding research, this paper examines whether national brands (NBs) continue to enjoy perceptual advantages over PLs and whether these differences vary across PL tiers. Across four studies conducted in the United States and Europe (total n = 1,012), we compare NBs with economy and standard PLs with respect to perceived quality, attractiveness, tastiness, and healthiness. Using both indirect and direct comparative evaluation formats, we find consistent evidence that NBs are perceived as higher in quality and more attractive than PLs. These advantages extend to perceived tastiness, suggesting a halo effect from general brand impressions to experiential attributes. Evidence for perceived healthiness is more nuanced: while economy PLs are perceived as less healthy than NBs, standard PLs frequently achieve perceptual parity. Importantly, perceptual differences between NBs and PLs are systematically larger for economy than for standard PLs, highlighting meaningful tier differentiation within PL portfolios. The findings demonstrate the persistence of brand-based perceptual differences despite improvements in PL offerings.

Keywords: private labels, national brands, branding, consumer perceptions