From a Single Brand Policy to a Portfolio of Specialized Brands: The Impact of Private Label Branding Strategy in the Case of Decathlon

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ABSTRACT

Title: "From a single brand policy to a portfolio of specialized brands: the impact of private label branding strategy in the case of Decathlon"

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Private Label Brands (PLBs) have become more sophisticated. They now represent a threat to big Manufacturer Brands (MBs). This dissertation aims to highlight the importance of their branding strategy and how this one is able to impact consumers perception and PLBs' share. There are several studies regarding PLBs in the grocery sector. However, literature in sporting goods market is scarce. This market has peculiar characteristics where branding strategies take even more importance.

To illustrate this, the Decathlon Group teaching case was developed. The retailer moved from a single brand policy to a portfolio of specialized brands, called "passion brands". The case outlines the challenges faced by the company when using an umbrella branding strategy. The rebranding was essential to build innovative brands and to increase PLBs' share of the group. Moreover, Decathlon is a notable example of a company that was able to succeed by not using the traditional three-tier private label portfolio strategy, but instead of it, by dividing its PLBs into categories of expertise. Finally, this teaching case discloses the new challenge faced by the company and how their branding strategy might have gone too far.

After analysing the case, students should be able to recognize branding decisions importance and impact. They should also understand that PLBs' architecture has become more complex and needs to be as carefully managed as it is in MBs.

Keywords:

Brand Architecture; Branding; Decathlon; Private Label Brands; Private Labels; Sporting Goods

RESUMO

Título: "De uma estratégica de marca única para um portfólio de marcas especializadas: o impacto do *branding* em marcas da distribuição no caso da Decathlon"

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As marcas da distribuição (MD) têm-se tornado cada vez mais sofisticadas, representando uma ameaça para as grandes marcas da produção (MP). Esta dissertação tem como objetivo evidenciar a importância das estratégias de *branding* e como estas são capazes de impactar a perceção dos consumidores e a quota das MD na oferta de um retalhista. Existem vários estudos relativamente a este tema no retalho alimentar. No entanto, o seu estudo no mercado de artigos desportivos é escasso, apesar de ter características peculiares onde o *branding* tem uma grande relevância.

Para ilustrar este tema, é desenvolvido o caso de estudo da Decathlon. Um retalhista que passou da adoção de uma estratégia de marca única para um portfólio de marcas especializadas, intituladas "marcas paixão". O caso destaca os desafios enfrentados por esta empresa aquando o uso da estratégia *Umbrella*. O *rebranding* foi essencial para construir uma panóplia de marcas inovadoras e para aumentar a quota de MD do grupo. A Decathlon é um exemplo notável de uma empresa de sucesso que não usa a tradicional segmentação em três-níveis, mas que divide o portfólio em categorias especializadas. Finalmente, o caso revela o novo desafio enfrentado pela empresa e como provavelmente a sua estratégia de *branding* terá ido longe demais.

Após a análise do caso, os estudantes devem ser capazes de reconhecer a importância das decisões de *branding* e o seu impacto. Devem também entender que a arquitetura das MD é cada vez mais complexa e que tem que ser gerida tal como numa MP.

Palavras-chave:
Arquitetura de Marcas; Artigos desportivos; *Branding*; Decathlon; Marcas Brancas; Marcas da distribuição

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INTRODUCTION

This dissertation was developed as a teaching case about the Decathlon Group, under the scope of the “The Point of Sale: Research in Retailing” seminar.

Private label brands (PLBs) appeared in the market around the 70s and since then, they have become more sophisticated. They are crucial in a retailer portfolio. Besides allowing them to have higher margins, PLBs are a major driver of differentiation and innovation. The Decathlon Group teaching case is a perfect example of this. In fact, one of the case’s goals is to illustrate how PLBs can be a great opportunity for retailers to innovate and increase their market share.

Decathlon has been growing throughout the years and presents a powerful private label brand (PLB) portfolio in several sports categories. Based on the literature review, expert interviews and Decathlon internal documents, this dissertation aims to assess the effectiveness of the Decathlon Group’s private label branding strategy, and how this led them to become the largest sporting goods retailer in Europe. The study of consumer behaviour towards PLBs, as well as the effectiveness and challenges of each branding strategy, helps to show how the group multiple-category branding strategy exceeds their previous single brand one.

This dissertation is structured into three main chapters: literature review, teaching case and teaching notes, which are followed by a brief conclusion and limitations overview.

The literature review chapter aims to give insights on PLBs and the sporting goods industry. When analysing the case, topics such as brand equity, loyalty, perceived quality, symbolic perceptions, branding and brand architecture are crucial. Therefore, the literature review explores PLBs’ branding strategy influence on consumers perceptions, brand equity when using a multiple-category branding approach and the key consideration of PLBs in the context of the sporting goods industry.

The teaching case presents the Decathlon journey and its main strategic decisions. From the creation of its first product under the trademark *Decathlon*, to the creation of the different PLBs of the group, the *passion brands*. The case also explores the decisions regarding the PLBs share of the group, which illustrate the importance of manufacturer brands (MBs) and consumer behaviour towards PLBs in some categories. The analysis of the case is present in the teaching notes, which displays guidelines so that the instructor can properly discuss the case in class.

Academically, this study is relevant since most of the PLBs research done so far focus on the grocery sector. This dissertation explores the peculiarities of the sporting goods industry and how PLBs can survive in a market where symbolic perceptions, testing and product quality play a major role. The case illustrates how a corporation was able to build brand equity towards high involvement purchase categories in a highly competitive market. The difficulties faced by the company and the strategies they found to tackle this issue can be a valuable source of knowledge to retail managers.

The dissertation was written as a teaching material to brand management, marketing and retail courses. The teaching case demonstrates the complexity of a real-life managerial situation and encourages students to apply their knowledge regarding PLBs, brand equity, branding and brand architecture.

I. LITERATURE REVIEW

1.1 The Sporting Goods Industry

The sporting goods industry covers two main segments: sports apparel and footwear segment, and sports equipment segment (Newswire, 2012). Therefore, we can sub-set the market in three types of companies: 1) Companies that only offer sports-oriented footwear and apparel; 2) Sporting goods equipment and 3) General non-sport footwear and apparel that offers sports apparel (Lipsey, 2006).

It is a global market that has been growing over since the 2000 (Hillairet, Richard, & Bouchet, 2009), accounting in 2020 with a market value of 471 billion dollars (Statista, 2020a). This trend happened in the two segments mentioned above (Statista, 2020b; Statista, 2020c). According to the 2020 Deloitte Report, there are three main reasons for growth in the Sporting Goods market: 1) better health condition; 2) time availability and 3) lower cost of activities and equipment. Another impact variable was the COVID-19 pandemic - many people started working from home, which gives sports equipment retailers new opportunities (Deloitte, 2020).

Regarding the sports apparel and footwear segment, the growing trend is mainly due to the blurred line that now exists between sports apparel and casual apparel (Fowler, 1999; Hillairet et al., 2009). The sports equipment segment does not stay behind and has also seen significant growth, mainly due to the growing popularity of adventure sports and outdoor activities (Youn, Song, & MacLachlan, 2008). People who do not practice sports, also have a significant spending on the sports apparel segment. Therefore, it is the largest one within the sporting goods market (Deloitte, 2020). The sports apparel segment has generated a revenue of 181 billion US dollars in 2019 (Statista, 2020b). Contrasting with the sports equipment segment, which was valuated in 126 billion US dollars in 2019 (Statista, 2020d).

1.1.1 Market Dynamics

The sporting goods industry is a highly segmented market and has been getting more concentrated at the retail stage, therefore, there is a high level of competition (Desbordes, Aymar, & Hautbois, 2019; Mao, 2018). To respond to this competitive environment, sporting goods retailers need to constantly differentiate from the other players (Desbordes et al., 2019). The price is not the main strategic variable and retailers have been developing their own technology and innovating in new materials (Andreff, 2006).

In line with what happens in other industries, the sporting goods market has been prioritizing their investment in online channels and most retailers are now omnichannel (Mao, 2020). However, most transactions happen in stationery stores. Therefore, service quality improvement has been one major concern for sports apparel and equipment retailers (Mao, 2020; Deloitte 2020).

In the sporting goods markets, qualified personal and in-store experiences are important. Contrasting with food retail, where free-riding is less common, in sporting goods retail consumers do no enter a retail store just to make a purchase, they look for an experience and knowledgeable staff (Deloitte, 2018a; Mao, 2020). The need for knowledgeable staff is one of the reasons why in the latest years' generalist retailers have been replaced by category leaders in well-defined niches (Desbordes at al., 2019).

1.1.2 Retail Business Models & Players

In the sporting goods market, we find three main retail business models. First, Category Specialists or Category Killers, which are large-sized stores focused on a specific category or categories. The assortment is characterized as wide and deep. Second, Specialty Stores, which have a narrow and deep assortment. They are product-specific stores with a well-defined niche. Finally, the well-known Department Stores also entered in the sporting goods market. These stores offer a deep assortment in a variety of categories (Dune & Lush, 2008; Mao, 2020).

For a long time, the market was dominated by international MBs, Adidas and Nike, and, Category Specialists, such as Decathlon and Intersport. In the 90s the industry suffered many changes and new actors got into the market (Hillairet et al., 2009). General Merchandisers, like Walmart and Amazon, came into the competition. Moreover, the general apparel store brands also offer sports clothes, as an example, Oysho or Tommy Hilfiger (Desbordes et al., 2019; Lipsey, 2006; Mao, 2020). Therefore, the market is becoming less concentrated and we can classify the players competing in the market in three: 1) General merchandisers; 2) Sporting goods specialized retailers (both Category Specialists and Specialty stores); and 3) Sporting goods manufacturers (Desbordes et al., 2019).

Looking to the market figures, Adidas and Nike are on the lead. Nike takes the first place with a global revenue of 34.7 billion euros in 2018 fiscal year (FY) (Statista, 2020e). Next to the big MBs, is the French category killer Decathlon, which is the third one on the top global brands for sporting goods and the leading one in Europe (Statista, 2020e; Statista, 2020f).

1.1.3 Portuguese Market

In line with what happens in the global industry, the sports apparel and equipment market in Portugal is also a very concentrated one, which is controlled by two main players: Decathlon and Sport Zone (Gomes, Martins & Ferreira, 2018).

After the economic recession, it is possible to see a rise in the market because Portuguese consumers started a tendency to practice sports (Gomes et al., 2018). The online channel plays a major role in the Portuguese market, with Decathlon being the eCommerce channel with the highest net sales value in the country (Statista, 2020g).

1.2 Private Label Brands

According to the Private Label Manufacturer Association (PLMA) (2020),

> "Private label products encompass all merchandise sold under a retailer's brand. That brand can be the retailer's own name or a name created exclusively by that retailer.".

PLBs emerged in the retail market in the 70s. Since the 90s that retailers consider their growth an important phenomenon (Ailawadi & Harlam, 2004; Szymanowski, 2013). In the beginning, they were described as a lowered price alternative to MBs with zero innovation (Szymanowski, 2013). However, PLBs have now evolved and they are able to target different types of customers and offer tiered ranges in different product categories (Keller, Geyskens & Dekimpe, 2020; Nielsen, 2019; Szymanowski, 2013). Usually, retailers pursue a three-tier private label portfolio strategy, where they present a: economy PLB, a standard PLB and premium PLB (Geyskens, Gielens & Gijsbrechts, 2010).

In 2000 PLBs were already growing faster than MBs (Corstjens & Lal, 2000). An American 2019 survey shows that 40% of consumers would pay the same amount for a PLB as for an MB (Nielsen, 2019). The view that only low-income and large households buy PLBs is now outdated (Ailawadi & Keller, 2004; Sethuraman, Raj & Katrijin, 2014).

The traditional reason behind PLBs' growth is their price advantage over MBs. Retailers advertise MBs in order to drive people to the store and then, they sell their PLBs to the price-sensitive consumer segment (Batra & Sinha, 2000; Hoch & Banerji, 1993). However, the major growth driver is their improvement in objective and perceived quality (Sinha & Batra, 1999; Choi & Coughlan, 2006). Niche PLBs are able to lead innovation (Nielsen, 2018).

PLBs increase the power of the retailers and are now a "widely accepted brand class of their own" (Seenivasan, Sudhir, & Talukdar, 2016, p.802). Therefore, everything indicates that PLBs' share will continue on the rise (Nielsen, 2018).

1.2.1 PLBs Benefits

PLBs provide several potential rewards. Retailers will benefit from higher profitability since their bargaining power over manufacturers is higher and the wholesale price is reduced. Hence, PLBs offer retailers higher retail margins (Ailawadi, Pauwels & Steenkamp, 2008; Hoch & Banerji, 1993; Mills, 1995).

Another important advantage of PLBs, is their ability to increase store loyalty (Ailawadi et al., 2008; Richardson, Arun & Dick, 1996; Steenkamp & Dekimpe, 1997). PLBs allows retailers to build their own equity and the opportunity to differentiate from competitors (Ailawadi & Keller, 2004; Choi & Coughlan, 2006). Finally, PLBs are also able to improve innovation in already established categories (Dunne & Narasimhan, 1999).

Most importantly, PLBs bring benefits to consumers. They offer a deeper variety of quality products for a lower price (PLMA, 2020; Steenkamp & Dekimpe, 1997). Also, for customers who are loyal to a certain retailer, the shopping experience is now much easier (Steenkamp & Dekimpe, 1997). Since the retailers' name or logo is on the package, the consumer knows that the product offers the retailers quality standards (PLMA, 2020).

1.2.2 Consumer choice behaviour: emotional and symbolic perceptions

When confronted with two similar products, consumers tend to use extrinsic cues, such as the brand name, to make comparisons. Therefore, MBs are generally recognized as a stronger brand than PLBs (Hoch & Ha, 1986). Brand image plays a major role when choosing between PLBs and MBs (Sethuraman at al., 2014). Colour, shapes, text, logos, symbols, images and names are all stimuli drivers. They allow the brand to communicate with consumers and create brand awareness. Consequently, these stimuli are able to affect the perceived quality of a product (Marques, da Silva, Davcik, & Faria, 2020). Consumers can percept these stimuli in two ways: 1) generalize from one stimulus to another, this happens when private label brand image, for example, packaging, is similar to MBs, or; 2) discriminate between stimuli, where consumers discriminate between MBs and PLBs (Steenkamp et al., 2010).

In some product categories, consumers perceive higher risk - not just quality risk, but also a social risk (Livesey & Lennon, 1978). Product symbolism affects consumer choice behaviour since it allows consumers to signal a desired identity to others (Escalas & Bettman, 2005). Since MBs are often viewed as status symbols, in order to deal with the perceived social risk, it is expected that high status consumers have a greater preference for MBs over PLBs (Narasimhan & Wilcox, 1998; Quelch, 1987; Sethuraman et al., 2014; Sinha & Batra, 1999).

1.2.3 PLBs perceived quality

There is a perceived quality differential between PLBs and MBs. Consumers associate price with quality (Steenkamp et al., 2010). Therefore, there is a general perception that PLBs are of lower quality than MBs and consumers are not willing to pay more for store brands over MBs (Choi & Coughlan, 2006; Nielsen, 2019). Retailers have been successful in diminishing the perceived quality gap and 86% of consumers in 2000 already believed that premium PLBs offer better or equal quality than MBs (Cortsjens & Lal, 2000; Steenkamp & Dekimpe, 1997; Ngobo, 2011). However, some researchers still believe that there will always be a gap (Marques et al., 2020). PLBs are a double-edged sword. On the one side, the low prices can attract some consumers. On the other side, a lower price leads to less confidence in PLBs' quality and the other group of consumers will prefer MBs (Ngobo, 2011).

According to Sinha and Betra (1999), this association between price and quality does not happen in all categories. The perceived gap increases in high-involvement categories and in categories where superior technology is required (Batra & Sinha, 2000; Geyskens et al., 2010; Steenkamp at al., 2010).

PLBs' quality improvement is the biggest determinant of their success (Sinha & Batra, 1999; Batra & Sinha, 2000). Quality is the most important factor in consumer purchase decisions, therefore, when retailers perceive that they can't match or overtake the quality of MBs, they should not introduce their brand in these categories (Cortstjens & Lal, 2000; Geyskens et al., 2010; Steenkamp & Dekimpe, 1997). Even price not being the main variable, it is an important one. PLBs should have consistent quality, at the same level as MBs, but they should be priced lower, otherwise, they will not present an advantage (Sethuraman, 2018).

It takes time to develop a quality PLB, but it takes even longer to reduce the perceived quality gap that exists between PLBs and MBs (Steenkamp, et al., 2010). In order to reduce it, retailers need to innovate and, most importantly, they need to convince consumers of their PLBs' quality so that they do not suffer from an unfavourable gap between perceived and actual quality (Ailawadi at al., 2008). Retailers can show their quality by letting customers try their brands and by providing information about products characteristics on the packages. By doing so, educated consumers will switch and eventually buy PLBs (Ailawadi et al., 2008; Sethuraman et al., 2014).

1.2.4 PLBs Loyalty

Brand equity is a key concept. According to Keller (1993) definition, it represents the extent to which a consumer response is affected by the brand. The main goal of brand equity is to attract new customers, maintain existing ones and use it has a way to establish an emotional connection between the customer and the brand (Lemon, Rust & Zeithhaml, 2001). One of the strongest predictors of brand equity is brand loyalty (Marques at al., 2020).

Store loyalty can be increased by PLBs presence (Ailawadi at al., 2008). In fact, quality PLBs are the best way to raise the image of the retailer and build loyalty (Coelho do Vale, Matos & Caiado, 2016). They offer customers an exclusive assortment that cannot be found in any other store (Ailawadi at al., 2008).

Loyalty towards PLBs shows off familiarity spillover effects, that is, as consumers increase PLBs' purchase and consumption, their confidence towards these products also expands, leading them to increment PLBs' loyalty (Szynmanowski & Gijsbrechts, 2012). This consumer behaviour is also due to switching inertia. When consumers start to purchase PLBs in many categories, retailer loyalty increases, because the cost of overcoming the brand-switching inertia in a great number of categories is excessively high (Cortsjens & Lal, 2000).

There are several studies that show the effects of private label share on store loyalty. This relationship is an inverted U-shaped one. When the share of PLBs increase, consumers will tend to switch from the MBs to the PLB (Ailawadi et al., 2008; Ngobo, 2011; Sethuraman, Raj & Katrijen, 2014). However, this effect is mainly seen on low PLBs' users. These findings support the study of Richardson (1997), which stated that consumers might not differentiate between PLBs of different retailers. High PLBs' users are not loyal to a specific retailer. They are focused on savings (Ailawadi & Harlam, 2004; Ailawadi et al., 2008; Hansen, Singh & Chintagunta, 2006).

Retailers can then distinguish between two groups of consumers: loyal, which are less price-sensitive and switchers, who are only loyal to PLBs in general (Steenkamp & Dekimpe, 1997). To build store loyalty, retailers must consider the structure of their customer base (Ngobo, 2011). PLBs play a major role in medium and premium group customers who will tend to become loyal to a store, and not to PLBs in general (Coelho do Vale et al., 2016). When consumers are loyal, retailers must consider introducing premium PLBs (Sethuraman, 2018).

Retailers loyalty also dependents on the MBs that are sold. MBs are used to generate consumer interest on the retailer and in consequence of that, loyalty (Ailawadi & Heller, 2004). The ability to use MBs to attract consumers will make PLBs profitable (Cortsjens & Lal, 2000).

1.2.5 PLBs Branding Strategy

Branding strategy influences consumers loyalty and perception regarding PLBs' quality and retailer's variety (Ngobo, 2011). That is why this is a topic that is worth to be explored. Branding decisions have been gaining even more importance since retailers started to offer PLBs' new tiers (Keller, Dekimpe & Geyskens, 2016).

Retailers need to decide between two main strategies: 1) Umbrella/Store-banner strategy, where PLBs' products are under a single brand name; or 2) Multiple PLB name/Stand-alone strategy, where retailers decide to have their PLBs under different brand names (Ailawadi & Keller, 2004; Geyskens, Keller, Dekimpe & de Jong, 2018). In a stand-alone strategy, retailers might opt to use a multiple-category PLB strategy, where private label brands names differ across product categories (Keller, Geyskens & Dekimpe, 2020). Or, they can opt to have different brand names across PLB's tiers (Geyskens et al., 2018).

Umbrella branding presents some advantages. It is believed that having PLBs under a common name will create brand equity and improves consumer loyalty (Store Brands Decisions, 2012; Geyskens et al., 2018). This is what actually happens in MBs, where closely related categories are under the same umbrella name. However, the same might not happen in PLBs since retailers do not have a flagship category such as MBs (Keller et al., 2020). This strategy, also allows retailers to save costs, since they are able to enjoy marketing efficiencies. Also, if the retailer has a solid reputation, positive associations between the brand and the retailer will occur (Geyskens et al., 2018; Lamey et al., 2012; Store Brands Decisions, 2012).

The reduction of perceived variety, is the main drawback of an Umbrella branding. Consumers get overwhelmed by the number of products under the same brand name (Keller et al., 2020). This strategy will lead consumers to trust less the PLBs, since they might perceive that the retailer isn't able to provide excellent quality across so many different categories (Quelch & Harding, 1996). Umbrella branding is becoming a trend. However, leading retailers use a multiple branding approach (Keller et al., 2020). In fact, Ngobo (2011) in his analysis concluded that, concerning customer retention, a multiple PLB name strategy is more effective than an umbrella one.

For the scope of this thesis, it is extremely important to have two other concepts in mind: own-name branding and other-name branding. Own-name branding is defined as: “the strategy of using the retailer’s name or part of the retailer’s name” in their PLBs (Ngobo, 2011, p.260). On the other side, retailers might decide to use in their PLBs a different name from the retailers one. In that case, they use the other-name branding strategy (Ngobo, 2011). Which is the one adopted by the retailer analysed in this thesis - Decathlon.

Using the retailers own-name can drive substantial benefits. Similar to what happens in the umbrella strategy, retailers usually use this branding in order to strengthen brand equity. This allows customers to transfer their positive impressions regarding the retailer to the PLBs’ products (Ngobo, 2011). However, under this approach, the retailers' image is much more vulnerable (Ailawadi & Keller, 2004). Another disadvantage is that when PLBs’ share increase, the MBs’ consumers will easily blame the retailer for the reduction on MBs (Ngobo, 2011).

According to Ngobo (2011), the consumers reaction to the increased share of PLBs owning the retailers own-name depends on their consumption pattern. Small PLB buyers, will easily switch from MBs to PLBs if the PLB product wears the retailers own-name. The opposite happens in high PLB’s buyers. These consumers are more willing to purchase PLBs with the other-name branding. Initially, adopting own-name strategy might increase store loyalty, but in the long-term, this will lead to dissatisfaction regarding retailers’ assortment (Ngobo, 2011).

The other-name branding strategy is the best option when customers still have some reservations regarding PLBs’ quality. Also, this strategy increases assortment variety perception when compared with the own-name branding and, therefore, cannibalization effects of PLB introduction can be reduced (Geyskens et al., 2010; Ngobo, 2011). Szymanowski and Gijsbrechts (2012) discard the importance of this decision between own-name and other-name branding. They consider that PLBs cross-effects are independent of the retailer name since PLBs’ products are always recognized by consumers.

The retailers branding strategy varies over time and retailers need to carefully measure the impact of rebranding. Some authors defend that when consumers create positive associations with a certain category-specific brand when the brand name changes, consumers get confused and the category-specific associations fade (Keller et al., 2020). However, other authors show that brand loyalty and perceived quality are transferred through the new branding strategy (Marques et al., 2020).

1.3 PLBs in the Sporting Goods Industry

A revolution in the sporting goods industry happened when big *"category killers"* engaged in backward integration and started offering their own sports brands (Desbordes et al., 2019). PLBs in this industry are a big success in Europe (Desbordes et al., 2019). Due to innovation, sporting goods retailers are now able to offer high technical and high-performance goods at affordable prices (Hillairet et al., 2009).

Multi-branding retailers have been playing a major role in the development of this industry since the 70s. PLBs' products are a big success and, in fact, they are more present in the product offer when compared with MBs' products (Desbordes et al., 2019).

PLBs' propensity to be purchased depends on consumer knowledge regarding a category (Batra & Sinha, 2000; Youn, Song & MacLachlan, 2008). In the sporting goods market, this variable tends to gain even more importance, since most purchase decisions are influenced by it. Some products are more suited for beginners and others for experts (Youn et al., 2008). In a beginner phase, due to the lack of experience and knowledge, consumers are highly involved with MBs. This effect increases in product categories that involve considerable perceived risk by novices (Chiu & Won, 2016). After gaining some experience, consumers increase price sensitivity and are willing to try PLB products that will offer them the greatest value (Youn et al., 2008). Due to psychological commitment, since the moment consumers switch to PLBs, the probability of buying them in the next purchase is higher (Chiu & Won, 2016; Cortsjens & Lal, 2000; Youn et al., 2008). Sporting goods consumers tend to have a unique relationship with the brands and develop strong preferences for specific ones (Chiu & Won, 2016).

Symbolic products allow low and high-status individuals to show identity (Wang & Lalwani, 2020). Therefore, the preference for MBs is higher in the apparel and footwear segment. Purchases in those segments are found to expose the consumer to social ridicule since brands tend to have a significant symbolic value for consumers (Batra & Sinha, 2000; Del Rio, Vazquez & Iglesias, 2001; Hogg, Bruce & Hill, 1998).

Research shows, that consumers are less willing to buy PLBs' products in categories where actual trial is necessary (Richardson at al., 1996). The problem is that testing and fitting are one of the most important dimensions when buying sports goods (Deloitte, 2018a).

To fight this, retailers should reduce the uncertainty of consumers regarding their PLBs' products. This can be done through the detailed description and third-party reviews of the products and through testing (Betra & Sinha, 2000; Mao, 2020). The well-educated and informed consumers are the ones who buy PLBs, therefore, providing all the necessary information will increase PLBs' purchase probability. Adding to this, evidence shows that sports apparel purchase is planned rather than impulsive (Fowler, 1999). Promoting retailers PLBs in events where consumers can test the products and participate in the design process is also an effective way to turn quality perceptions regarding PLBs (Ailawadi et al., 2008; Chiu & Won, 2016).

In order to build loyalty, brand commitment is a necessary condition. Unlike what happens in other markets, where satisfaction is the strongest predictor of brand commitment, a study shows that in the sporting goods market the greatest predictor it happens to be investment size. Consumers tend to invest more money and effort in sporting goods products, which results in higher inertia in brand switching. Taking this into account, in order to increase brand loyalty retailers should focus on increasing consumers investment in PLBs and bet in assortment differentiation (Chiu & Won, 2016). Also, to attract consumers to the store, sporting goods retailers should augment their value offer with additional services, such as renting services or training classes (Mao, 2020).

Marketing strategies are extremely important in this industry. To gain consumers trust, retailers need to associate their PLBs' products with a champion image (Andreff, 2006). Regarding PLBs' branding strategies, sporting goods category specialists tend to face a major problem since they offer products to several categories/sports. In these cases, the disadvantage of a store-banner strategy is even more pronounced as customers would not believe that the retailer can deliver excellent quality in such a variety of different sports (Quelch & Harding, 1996).

1.4 Brand Architecture

Retailers brand elements can receive more or less emphasis, or not be present at all in PLBs. Therefore, retailers should decide which brand architecture strategy to use to manage their PLBs.

The Brand Architecture dictates the brand elements, such as the name, logo, colour and symbols, that a company should apply across current and new products (Keller, 2014). Such as MBs, retailers also need to follow a three-step approach to design and implement their PLB brand architecture strategy. According to Keller (2014), the first step is to define brand potential, the second one to identify brand extension strategies and finally, decide on the branding of new products. For the purpose of this dissertation, the third and final step is the most relevant. In Keller's brand architecture model (2014), four different strategies can be used: 1) Branded house strategy; 2) Sub-brand strategy; 3) Brand endorsement strategy; 4) House of brands strategy.

The first strategy of the spectrum, a branded house strategy, is when a company adopts an umbrella brand for all its products. Second in the brand architecture spectrum, it comes the sub-brand strategy. It allows consumers to develop brand-specific beliefs and, at the same time, the relationship between sub-brand and parent brand is so strong that is able to change the associations of the parent brand. In order to exist a connection between the parent brand and the sub-brand, the sub-brands should "combine two or more of the corporate brand, family brand or individual product brand names" (Keller 2014, p.709). This is where the second strategy differentiates from the third one. Brand elements can appear in the package, signage or product appearance, but they are not directly included in the brand name. Therefore, the brand associations between the family brand and the individual brands are lower. The fourth strategy, the endpoint of the spectrum, is the house of brands one. In this case, the principle of commonality does not apply since there aren't any common brand elements (Keller, 2014).

II. TEACHING CASE

The Decathlon Group branding strategy - From a single brand policy to a portfolio of specialized brands

Nous allons mourir

- Michel Leclerq, Founder, Decathlon Group[1]

In English, *we will die*. After a summer vacation, Leclerq scheduled an emergency meeting with all the managers and these were the words he wrote on the paperboard. Everyone thought he lost his mind, but, in fact, he was about to bring into existence a strategy that changed the Decathlon Group.

Decathlon: a 44-year-old start-up

On the summer of 1976, France was living a sports fever. Also, in October 1975 physical education became mandatory and sports started to be part of children's education[2].

Michel Leclerq and six other sporty entrepreneurs - Benoît Poizat, Didier Decramer, Hervé Valentin, Nicolas Dubrulle, Stanislas Ernoult and Stéphane Delesalle - got together and a start-up was born. These seven young entrepreneurs shared the same passion and interest in sports.

Every chance we got we did sports together. At the beginning we would only open the store in the afternoon, in the morning we would meet to play sports.

- Didier Decramer, Founder, Decathlon Group[3]

The passion for sports is in Decathlon DNA ever since the beginning. The main goal of this sporty enthusiasts was to gather as many sports as possible under one roof and offer the most attractive prices.

The first store opened on July 27 in 1976 in Englos, Lille. This was the first retail format where it was possible to find all sports practices in a single store, a true novelty. The store opened in a small parking lot near an Auchan store, with barely any advertising being made. However, word of mouth started to be spread and customers arrived. On that day the company made 9999 francs. In order to reach the 10000 francs, the founders bought a pair of socks[4].

[1] Interview: Diogo Nunes, 2020.
[2] Decathlon 2016. *A 40-Year Saga.* Internal Decathlon Document: unpublished.
[3] Decathlon 2016. *A 40-Year Saga.* Internal Decathlon Document: unpublished.
[4] Decathlon 2016. *A 40-Year Saga.* Internal Decathlon Document: unpublished.

The first store had an area of 900 square meters and was only three meters high. None of them had the experience of opening a store of that dimension. Benoît recalls that customers would almost have to lower their heads as they came in. To solve this, he went to Peugeot and asked them the maximum height of their warehouse, it was seven meters. Therefore, the second store opened one year and a half later with 10 meters high. After 40 years, the Decathlon stores still have this characteristic and at the same time offer a big area (on average 5500 square meters), providing up to 35000 articles. Decathlon offers a deep assortment, which is organized into categories and each one of them refers to one sports practice.[5]

In 1986 the group started their internationalisation strategy opening the first store abroad, in Germany. After 44 years of their opening, Decathlon is now an international *category killer* with 1664 stores in 59 different countries in 5 continents. With 140 million customers[6], the retailer is the 3rd leading sports company in the world with a turnover of 12.4 billion euros in 2019[7].

Philosophy & Management Culture

Decathlon's value proposition is to make sports inclusive and accessible for everyone, independently of age and physical condition. Vitality, Truth, Fraternity and Responsibility are the values of the group.

Decathlon's group has a clear philosophy that lasts since 1976: in order to support customers in-store they must join them outside. In order to apply a customer-centric strategy and to respond to local needs, Decathlon developed a local strategy. Decathlon employees have a fair amount of autonomy and responsibility. Management through trust - this is Decathlon's DNA. At Decathlon, consumer loyalty is not generated through prices, but by client satisfaction. Sales associates wear a badge that states "Satisfied sportspeople, that's my business". In fact, it is the customer centricity motto that led to the eventual rebranding of the Decathlon group.

Brand Image

Choosing the retailer name was the first challenge. Ten sports under one roof, that is the meaning of Decathlon. Initially, the logo was black and white with big capital letters. A long

[5] Interview: Diogo Nunes, 2020.
[6] Decathlon 2020. *Decathlon United Presentation*. Internal Decathlon Document: unpublished.
[7] Statista, 2020e.

word in capital letters, besides making it very visible, it gives the idea of a faithful brand. Around the 80s, in order to make the name even more legible, the logo changed. The big capital letters are white, popping out in a blue background (see **Exhibit 1**).

Right at the beginning, in order to increase brand awareness, Decathlon asked students who were sports enthusiasts to put a sticker in their car with the Decathlon logo, and in return, they were offered a voucher. Leclerq knew that these students would have their car parked in a sports centre or gym and will be seen by other sportspeople. This is one of the advantages of the sports business, there is a community who shares the same interests and goes to the same places.

Decathlon private label brands are called *passion brands*. These are built internally and then carried by the ones who are passionate about it, the sportspeople.

From a retailer to a designer: a single brand policy

Initially, at a Decathlon store was only possible to find the main manufacturer brands (MBs). However, from the early years, Decathlon started to have its brand logo present in some products sold at the store. These products were not produced or designed by Decathlon, but they were already under the retailer name.

Everything started when Peugeot bicycles refused to supply Decathlon. In response, Stéphane Delesalle went to a local manufacturer in Lille and asked them to supply Decathlon. *Lomme* was the first bicycle manufacturer of Decathlon. These metallic grey bicycles with the Decathlon logo on it were easily recognized. Therefore, besides having a trustable producer, they were able to raise brand awareness.

At the end of the 70s, Decathlon started to face higher supply problems, there weren't enough products to fulfil the store. Manufacturers, when confronted with Decathlon's unbeatable prices and reduced margins, started to refuse to work with them. To answer this supply problem, Leclerq had to take two main actions: 1) sue the suppliers who agreed to sell and that constantly delayed their deliveries; 2) produce their own products.

Since 1986 that Decathlon business model is the integration of design, production and distribution. In this year, Decathlon signs the first product designed and produced by them, a bicycle[8]. Leclerq took advantage of the strong name awareness of the retailer and took the own-name brand option. The group launches their first trademark, *Decathlon*. Initially, it targeted

[8] Interview: Jean-Charles Delbert, 2020.

the low-price end of the product range. This was the start of an aggressive sales strategy against the already established MBs. However, the retailer was aware that to succeed was not enough to sell at the lowest prices.

In 1988 Decathlon started to produce in China. For some categories they have their own plants, such as the Btwin village in France, where the bicycles are currently produced. However, in general, they sub-contracted. Currently, the majority of plants are located in China, Thailand and India. At the moment Decathlon has 47 production countries[9] and in recent years the company has been producing more and more in Europe. Portugal and Italy are now locations for shoe production.

The Passion Brands' challenge: a portfolio of specialized brands

The moment of change

Around the end of 80s, Leclerq went on summer vacation. With him, he took several Decathlon products. During this trip, Leclerq realized Decathlon brand was everywhere. On the beach towel, on the surfboard, on the slippers, on the beach umbrella and on the bicycle. When he arrived from vacation a board emergency meeting was scheduled. When the managers entered the room Leclerq had wrote on the paperboard *Nous allons mourir*. When the team confronted him, Leclerq stated that he was *sick of Decathlon*. He saw himself in the position of the customer and understood that having the Decathlon brand in all products was leading the customers to perceive lack of choice.

Since 1986 that Leclerq started to talk about the *passion brands.* However, it took 10 years for the first *passion brands* to be officially launched[10]. During this time the first engineering and design teams were organized. They strived to improve their capacity to create and design their own products. The retailer was seen by the consumers as a discounter. The own-name retailer label was not able to give the perception of a specialist brand. Therefore, a change in brand architecture was needed to influence the quality image of the Decathlon Group.

In 1996, Decathlon abandoned 20 years of a store-banner strategy with retailers own-name and the first two *passion brands* were created: *Quechua*, for mountain sports and *Tribord*, for water sports[11]. The umbrella branding strategy previously adopted by the retailer, where low price

[9] Decathlon 2020. *Decathlon United Presentation*. Internal Decathlon Document: unpublished.
[10] Interview: Jean-Charles Delbert, 2020.
[11] Interview: Diogo Nunes, 2020.

products were offered under the retailers' name, is now replaced by a multiple-category branding strategy.

Passion brands do not intent to be just a cheap copy of MBs. These are brands that have their own character with new and innovative products. The new strategy forced MBs out of the shelves, and the dependence on suppliers was greatly reduced. The *Decathlon* brand covered a whole range of sports, but *passion brands* were category-specific. Each one of them covers a particular sport and receives a unique brand name. Also, within each category, a *passion brand* offers different qualities and price levels under the same brand name.

Initially, brands were clearly defined by sport category. Between 1996 and 2008 around 20 *passion brands* were launched[12]. At first, the initial strategy was that each brand was dedicated to a universe of sports. *Quechua* for the mountain sports universe, which might include hiking, tracking and skiing, for example. However, Decathlon continually extended its product range and sports practices, specialization increased and so do customer segmentation.

In 2008, when the group had already a big portfolio of PLBs, it becomes part of the Oxylane holding[13]. The holding operates several retailers, although, Decathlon is the most important one. Oxylane owns the PLBs of Decathlon and controls the entire value chain. From the idea, to design, testing, production and finally, sale. The group was established so that it could be seen as a manufacturer of sporting goods, shifting from the retail focus.

In 2015, the number of *passion brands* drastically increased, as the company decided to have one brand for each sports practice. Inside one major *passion brand*, there are sub-brands (see **Exhibit 2**). A sub-branding strategy led to even more precision so that the product range is even more relevant to sportspeople. Each sub-brand has an independent team with its own flag. This gives them a stronger feeling of belonging and more motivation. If initially, the rebranding strategy was due to market saturation and consumer variety perception, now the main driver is managerial and coordination motives, as well as innovation capacity.

On July 2020, the retailer presents a portfolio of 59 specialized *passion brands* covering 85 sports[14] (see **Exhibit 2**). *Passion brands* do not share any visual brand elements, such as the

[12] Interview: Jean-Charles Delbert, 2020.
[13] Zentes, J., Morschett, D., & Schramm-Klein, H. (2011). *Strategic Retail Management* (2nd ed.). Netherlands: Springer Fachmedien.
[14] Decathlon 2020. *Decathlon United Presentation*. Internal Decathlon Document: unpublished.

logo style or colours. Moreover, *passion brands* are all aligned under the same common strategies, the values are transferred from the retailer to each *passion brand*.

Management & Strategy

Passion brands are autonomous business units. The main goal is that each *passion brand* team can specialize and become a leader in a specific sport practice. Therefore, the major *passion brands* have their own website, headquarters and design teams. In 1999 the retailer started to open the *passion brands'* individual stores[15], which are located near the target customer, where the sports are practised.

The first Decathlon *passion brand* store was the "Mountain Store". There consumers can find all the *passion brands* related to the universe of mountain sports, *Quechua*, *Wedze* and *Simond*. At this store is possible to climb. The opportunity to test the products is one of the main strategies of Decathlon. *Btwin*, *Domyos*, *Inesis*, *Kipsta* and *Tribord* also have individual stores.

Stores and villages, besides allowing the brands to meet costumers needs, give the *passion brands* a specialist image, contrasting with the previous *Decathlon* brand which was too generic. In some segments, the retailer can now compete with specialty retailers.

In 2005 the Decathlon Village fitness park is created[16]. As well as the stores, it aims to create strong connections with clients and let them test the products and try out new sports. This idea has been replicated over the years. Almost every Decathlon store has an outdoor and indoor space where consumers can experience the products. Adding to this, the retailer offers in-store additional services, such as personalization of sports equipment and checking and maintenance of the products.

The group targets a broad range of customers from the beginners to experienced athletes. Therefore, each category has its assortment segmented in three levels, beginner, intermediary and expert. However, the retailer main foci are families, children and sports beginners. Independently of the client type, customer opinion is of extreme importance. If a product has score lower than three out of five, then this product is removed from the market. Another way to ensure quality and potential client satisfaction is to let the staff test the products when there is a new product launch.

[15] Decathlon 2020. *Decathlon United Presentation*. Internal Decathlon Document: unpublished.
[16] Zentes, J., Morschett, D., & Schramm-Klein, H. (2011). *Strategic Retail Management* (3rd ed.). Germany: Springer Nature.

The existence of knowledgeable staff plays a critical role in Decathlon strategy. Employees of a specific *passion brand* are themselves practitioners of that same sport. A sportspeople team helps to advise customers and increases the shopping experience. Most importantly, having a design team with a passion for sports helps to design the best product features. Proof of this is a survey made in September 2020 and October 2020, showing that French consumers consider the retailer as the one who is more familiar with sports and athletes (see **Exhibit 3**).

Innovation

Constant innovation and quality improvement are part of Decathlon DNA. Since the beginning, Leclerq was seen by his teammates as an entrepreneur in innovation management. He clearly started to talk about innovation in 1996[17], in the same year *passion brands* were launched. The appearance of a multiple-category branding strategy helped the innovation process. Each design and engineering teams create fewer products, but more magical and unique ones. *Inviso*, the futsal brand, previously traded under the *Kipsta* brand, is a clear example of a brand that increased its impact and technicity since it has assumed its own identity.

Decathlon PLBs become technological brands themselves. Similar to what happens in MBs, each *passion brand* has an innovation department and laboratory. The Decathlon Sportslab was created in 1999. This is a centre of expertise dedicated to the study of the human body in motion. After 2 years, in 2001, the Decathlon design department is created.[18]

Decathlon follows a unique brand/product process that initially drives from sportspeople observation (see **Exhibit 4**). That is why design and R&D departments of each passion brand are located near the target customer. For example, Quechua team is located in the Mont Blanc valley. In recent years this strategy was revised in order to create synergies. Whenever it is possible, *passion brands'* teams should be close to each other.

The products are conceived in association with athletes. They contribute with their knowledge to develop the products and test them before they enter the market to be credibly delivered to the customer.

For Beschu, *passion brand* leader since 2020, the product is the most important thing. If someone wants to create a new *passion brand*, the first question asked is "What is your magical

[17] Interview: Jean-Charles Delbert, 2020.
[18] Decathlon 2020. *Decathlon United Presentation*. Internal Decathlon Document: unpublished.

product?”[19]. All *passion brands* need to have a singular product to offer value to the customer. Since the early years that product is before brand. Initially, *Btwin* was the name of a new Decathlon bicycle. Only after being a success they created the *Btwin passion brand.*

The retailer launched some iconic products. The first one was in 2006, the two-second tent. Their last iconic product, until 2020, was the *Easybreath* by *Subea* in 2014. Beside these ones, *The Kage* and *Ygolf* were the most successful innovations (see **Exhibit 5**). Every year the retailer launches in the market, on average, 10 new innovations.[20]

Decathlon was able to have the best of both worlds: a cost leadership strategy and a differentiation one, by offering quality products at lower prices.

> *The goal is to innovate at the cheapest price possible*
>
> - Jean-Charles Delbert, IP Legal Manager, Decathlon

Proof that they were successful on doing it is that according to a survey from September and October 2020, Decathlon is considered by consumers as the brand who innovates most to improve sports’ practice, even when compared with MBs’ giants (see **Exhibit 6**).

Brand Equity & Awareness

Some *passion brands* were able to build their own equity. *Quechua* is an individual brand that leads customers to a Decathlon store. The two-second tent innovation is an iconic product, which is commonly called by the consumers as the “Quechua tent”. People know that they can only find *Quechua* at a Decathlon store. However, most of them, do not know that the retailer is the one who develops and produces the brand. According to Decathlon store managers, the most famous brands and the ones that were able to create their own equity are*: Quechua, Domyos, Tribord, Kipsta* and *Btwin.*

In the first years, low prices were one of their advantages, but at the same time were also one of the biggest challenges to the retailer. Consumers see less quality in products that present a lower price. However, having a multiple-category branding strategy has been very successful in increasing Decathlon expertise perception. Nowadays Decathlon brands show superior awareness when compared with big MBs, like Adidas or Nike and the direct competitor, Intersport. French consumers consider the retailer as being the closest to sport enthusiasts (see **Exhibit 7**).

[19] Interview: Jean-Charles Delbert, 2020.
[20] Interview: Jean-Charles Delbert, 2020.

In the Portuguese market, the difference is not so notorious. Decathlon and Sport Zone are always head-to-head. In 2017 Sport Zone was the top-of-mind brand of Portuguese consumers. Although, in 2020, Decathlon increased awareness and is now on the front (see **Exhibit 8**). Also, 2019 report show that 68% of the 400 million sports users are delighted with the retailer and this percentage has been increasing throughout the years (see **Exhibit 9**).

Moving to a 100% passion brand's share

Decathlon presents a mixed assortment, where it is possible to find *passion brands* and MBs. Having a 100% private label share is the goal of the retailer, they want to cover all the consumers' necessities with the *passion brands*. However, this experience was already made in some stores and the results were not positive. Despite the fact that the multiple-category strategy allowed to increase perceived variety and consequently the PLB's share, the retailer is not able to reach a 100% PLB's share. On average, Decathlon stores in Europe have an 80% share of *passion brands*.[21]

There are some categories where it is not possible to conquer a 100 % PLB's share. For example, *Kalenji* offers electronic devices, such as running watches. In this category, most products are from MBs because the retailer is not yet able to cover all the technicities and specifies. Decathlon is a retailer before being a designer or a manufacturer. They cannot afford to lose money and customers, so the goal is always to cover the customer wishes and offer them the best products.

Passion brands cannot also cover the majority of the range in categories where symbolic perceptions take higher importance. In running and fitness universe, consumers are more brand loyal. For example, Nike has a lot of power in these categories. For Decathlon, the footwear segment is the one where conquering customers loyalty is most difficult. Most people are used to wear the same brand since they are young, it is a very sensitive and technical product, here the quality needs to be extremely high. However, Decathlon believes that this will be an easy task from now on since the young generation is more prone to try new brands and they now have a broader choice. In sports like golf, which are more elitist, Decathlon will always need to sell MBs, otherwise consumers won't return to the store.

[21] Interview: José Silva, 2020.

In some Asian countries, such as China, Indonesia and Singapore, Decathlon stores only sell *passion brands.* The MBs do not have a space on the shelf. In Europe, this is not possible as people are used to finding MBs in Decathlon.

In the US, the share of *passion brands* is much lower. In 2017 Decathlon acquired an existing US retail chain, this was the first time they enter a market with this strategy[22]. Jean-Charles describes this market has being the most problematic so far. Americans are much more reluctant regarding *passion brands*. For them, if a product is not expensive, it means it is a bad one. Also, Decathlon is competing with big department stores, like Walmart, and with specialty retailers, which are very popular in the US. In this market, the percentage of *passion brands* has always been lower.

In 2015, the company tried to have some stores only selling *passion brands* and results were not positive[23]. The major reason behind this failure was a sudden change. The transition to a 100% PLB's share needs to be done more gradually so that consumers would not be taken by surprise.

Looking to Portugal example, we can see that along the last years the revenue coming from MBs brands has been decreasing. In 2019, 87% of the revenue is from *passion brands* (see **Exhibit 10**). This increasing weight of *passion brands* in the company's revenue is also due to the fact that in the last years, the company has been gradually decreasing their MBs' share in the store. Currently, the MBs' share is only of 16%.[24]

Passion brands, with an average share of 80%, have been able to increase Decathlon total revenue and, at the same time, diminish MBs' weight on the company revenues. However, the same did not happen in 2018, when Decathlon Portugal did the experience of reducing MBs' share to almost 0% in one of their stores in Azores. The *passion brands'* revenue weight increased, but the total revenues were lower (see **Exhibit 11**). From 2018 to 2019, when adding more MBs to the store assortment, the store experienced a growth of 13%, and 76% of this growth was due to the MBs. The direct competitor in Portugal, Sport Zone, did the opposite experience and increased MBs' share to 100%. In this case, they moved from an occasional and regular consumer to a technical one. When the competitor adopted this strategy, Decathlon results boomed. Sport Zone stopped covering the occasional and regular market.

[22] Interview: Jean-Charles Delbert, 2020.
[23] Interview: Jean-Charles Delbert, 2020
[24] Interview: José Silva, 2020.

However, when Decathlon moved to a 100% PLB's share, they were the ones that stopped covering the technical consumers and Sport Zone took over this market. The managers understood that a balance was needed.

Looking ahead: passion brands' overload

Decathlon is now facing a new challenge. It is generally accepted by the company that the split of all the sports practices in almost 60 *passion brands* has gone too far. If in the 90s the consumers were asking for more variety, now the consumers find themselves lost in so many trademarks. Decathlon realized that they were making these decisions only looking from the enterprise side. Although, when looking from the customer side, there is a need to simplify their branding strategy.

The retailer is now deciding which brands to keep and which ones to leave. In some they have already reached a consensus, for example, the *Fifter* sub-brand will be eliminated and the football of five will be under the mother brand, *Kipsta*. The goal is that the design and R&D teams still be divided internally, but with the same trademark.

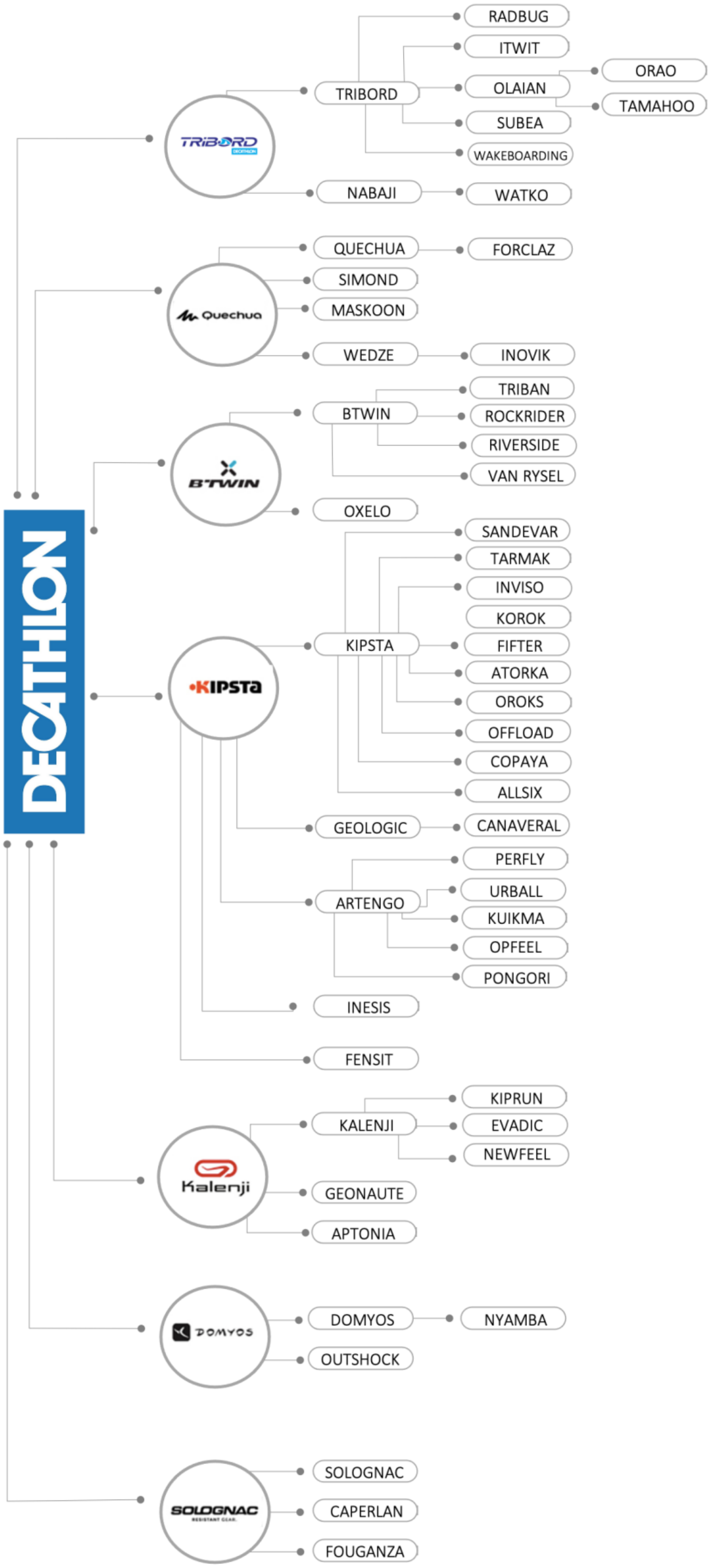
A new brand architecture is being implemented and external brand consultants will be evaluating the retailer branding strategy until January 2021. The idea is to implement a single brand typography and more consistent communication in terms of codes and styles. The company can go in several directions when it comes to their rebranding strategy and this decision might be crucial to raise, even more, the brand equity of the retailer and its *passion brands*.

Exhibits

Exhibit 1 Decathlon 1st logo on the left and Decathlon 2nd logo on the right

Source: Company documents, 2016

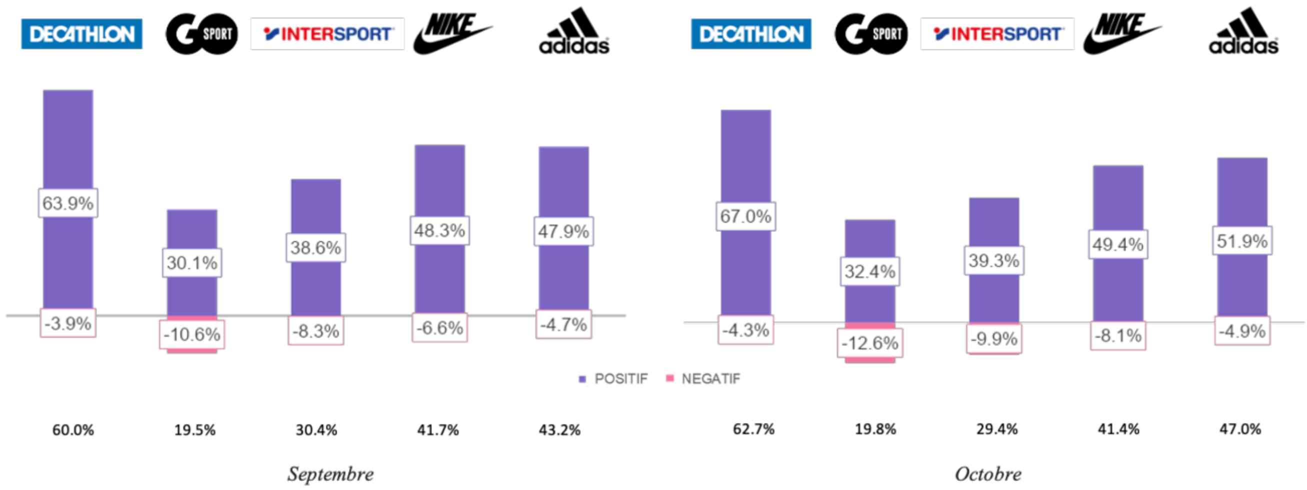
Exhibit 2 Decathlon brand structure



Source: Compiled by the casewriter based on company internal sources, 2020

Exhibit 3 French consumers perception of Decathlon knowledge

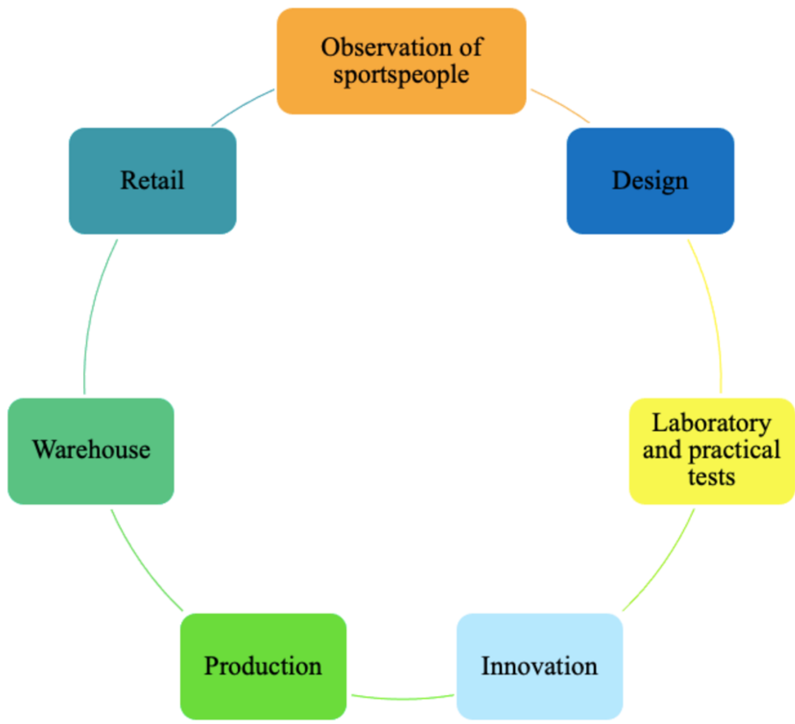
Knowledge (+/-): Among these 5 brands, which brands are very familiar with sports and athletes?



Moyenne Mensuelle fixe N par marque > 19 000

Source: Company documents, 2020

Exhibit 4 Creating a brand process in Decathlon



Source: Company documents, 2020

Exhibit 5 Iconic passion brands products

Fig1. Two Second Tent by Quechua

Fig2. Easybreath by Subea

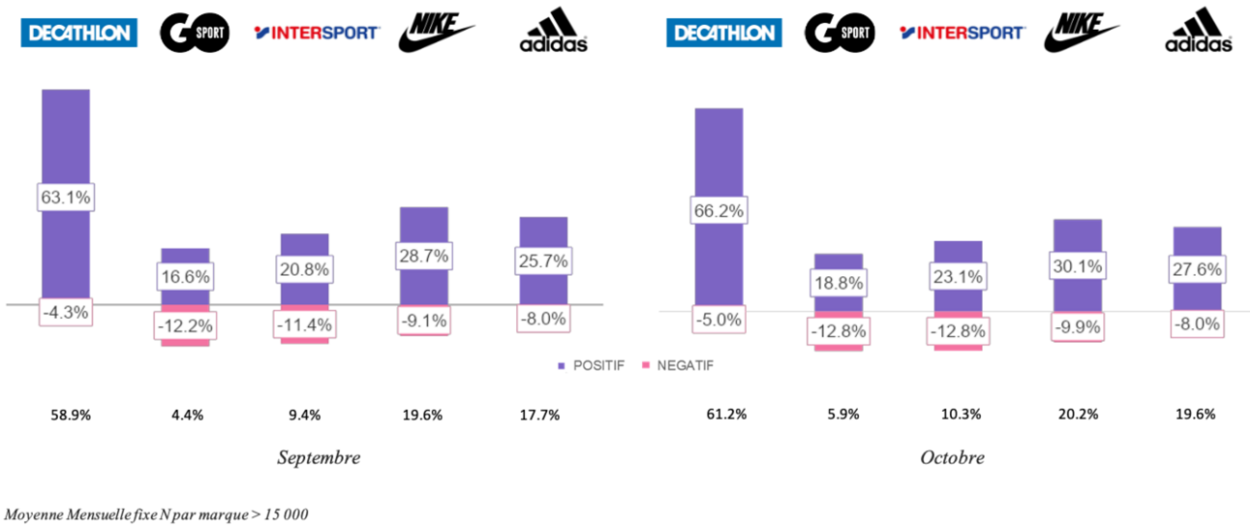
Fig3. The Kage by Kipsta

Fig4. Ygolf by Inesis

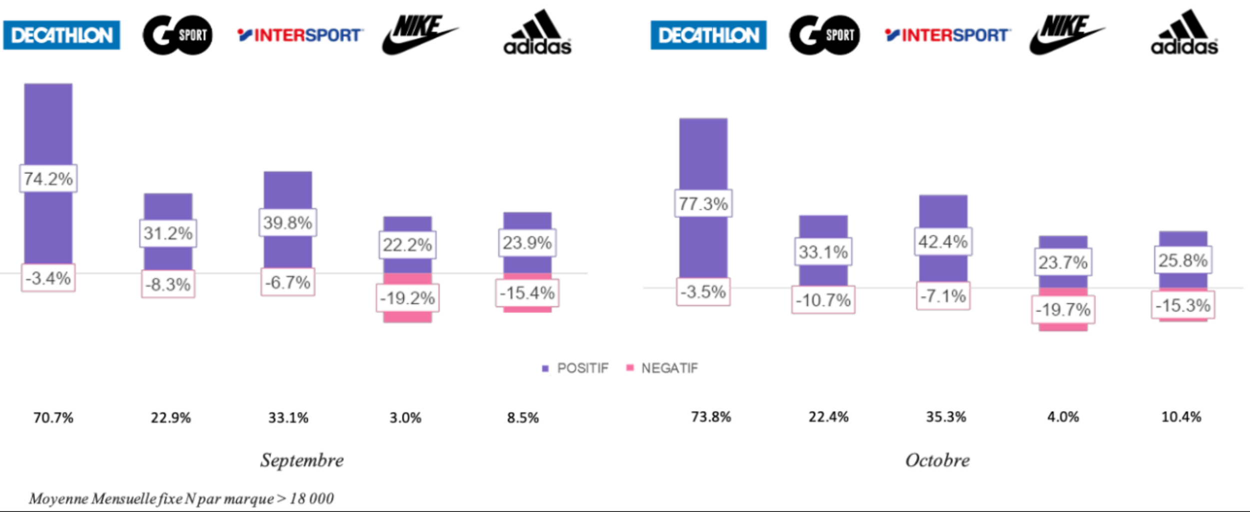
Source: Company documents, 2016

Exhibit 6 French consumers perception of innovation capacity and quality

Innovation (+/-): Among these 5 brands, which are innovative to improve the practice of sports?

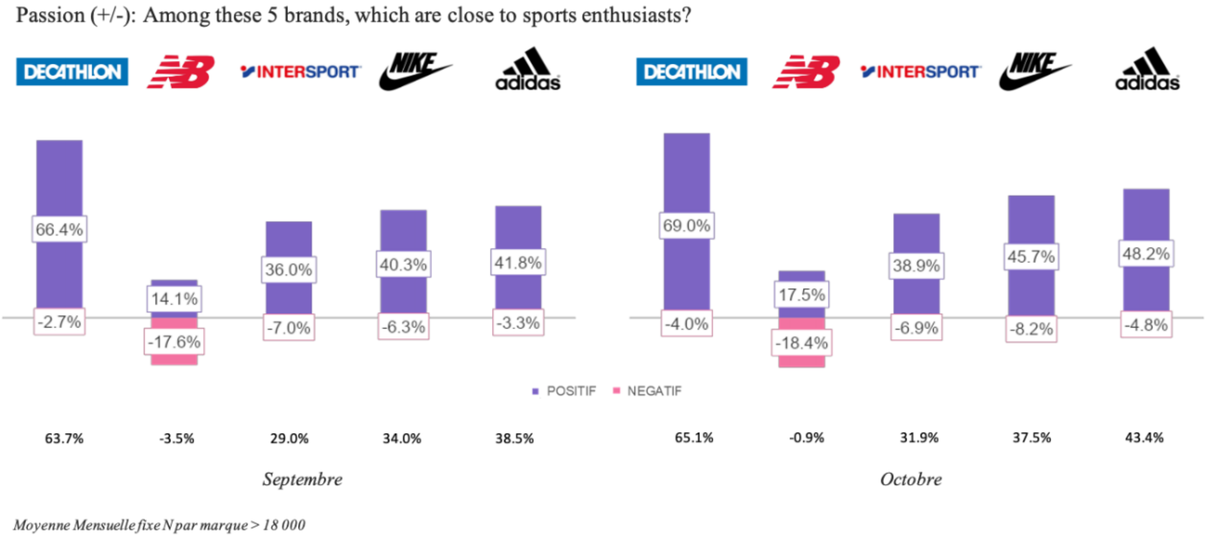


Expertise (+/-): Among these 5 brands, which are experts on a large number of sports? That is to say, they offer quality equipment in a large number of sports



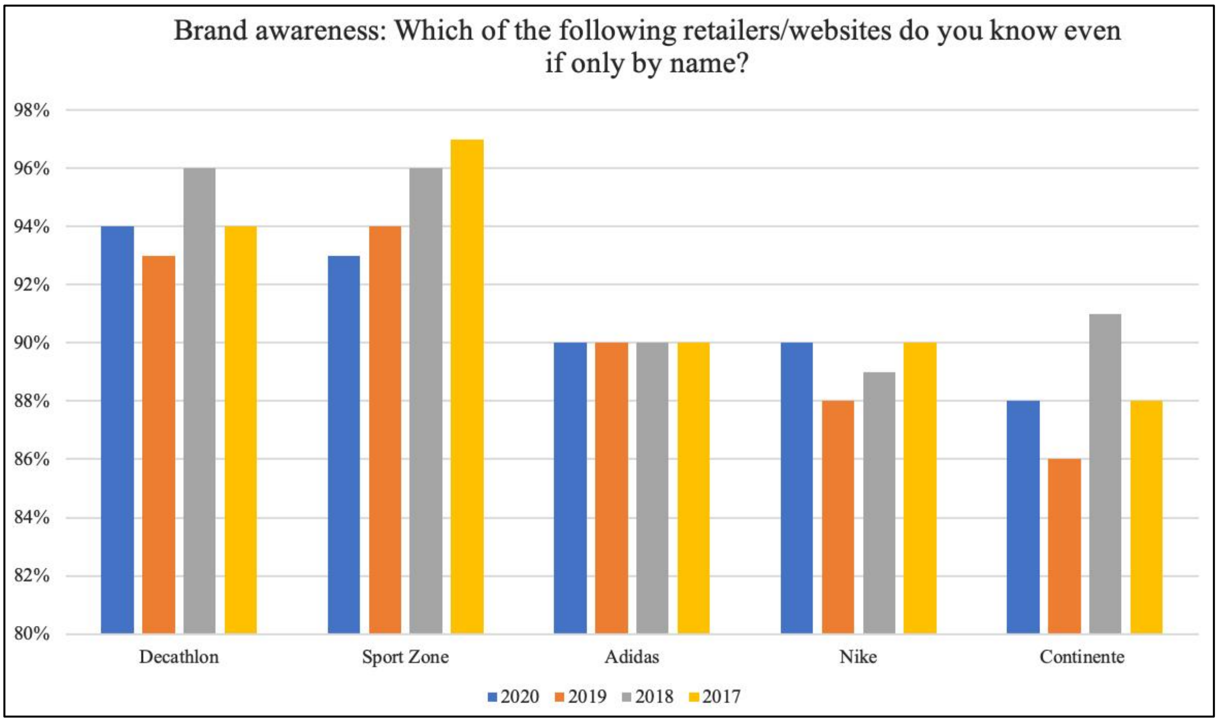
Source: Company documents, 2020

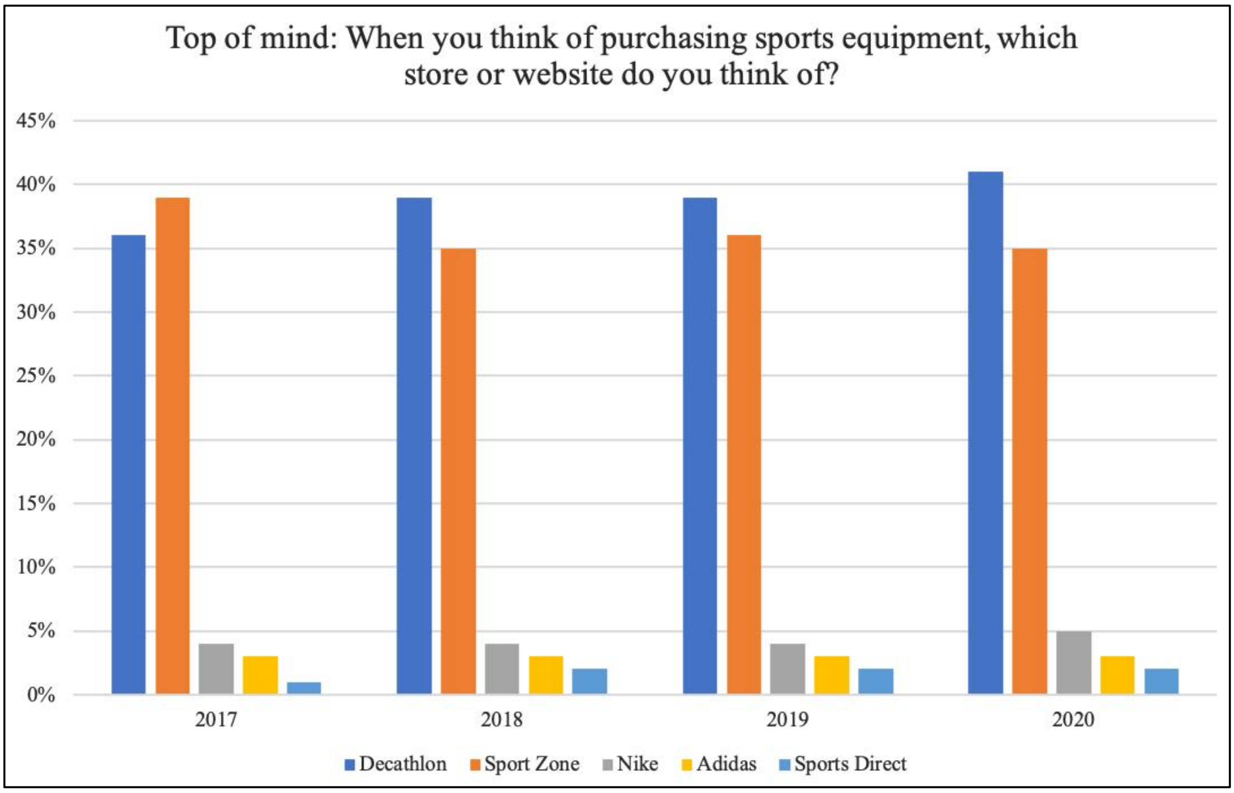
Exhibit 7 Brand awareness in the French market

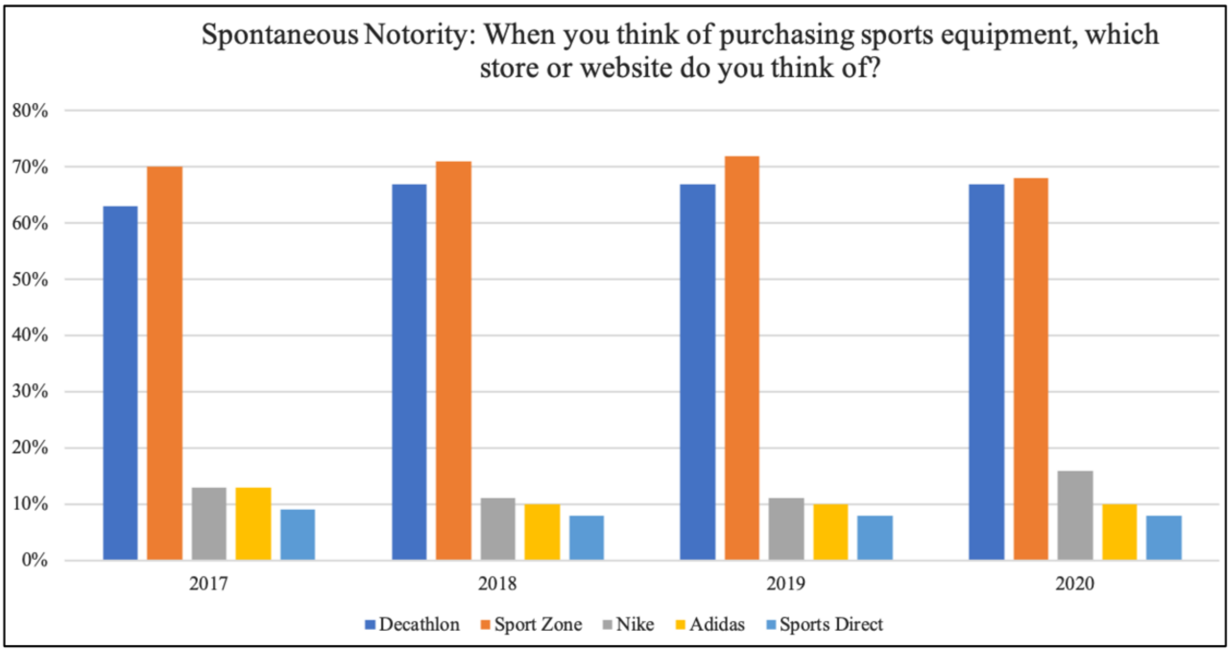


Source: Company Documents, 2020

Exhibit 8 Brand awareness key figures in the Portuguese market

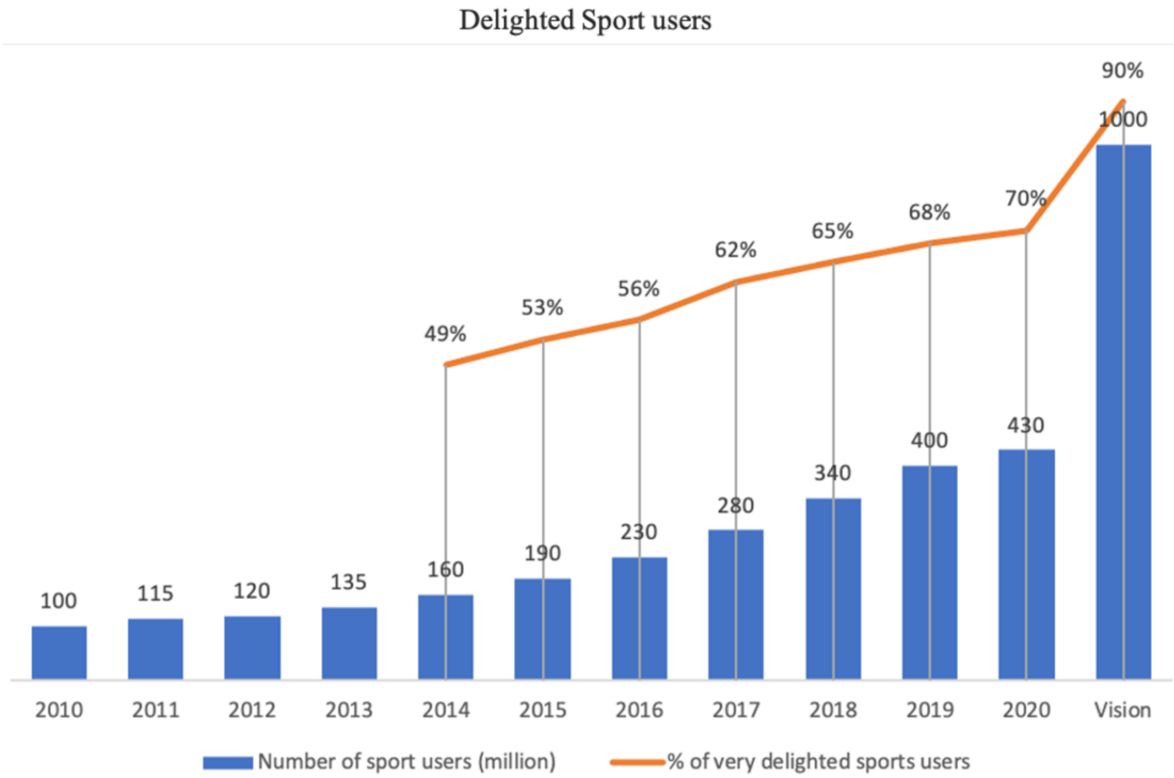






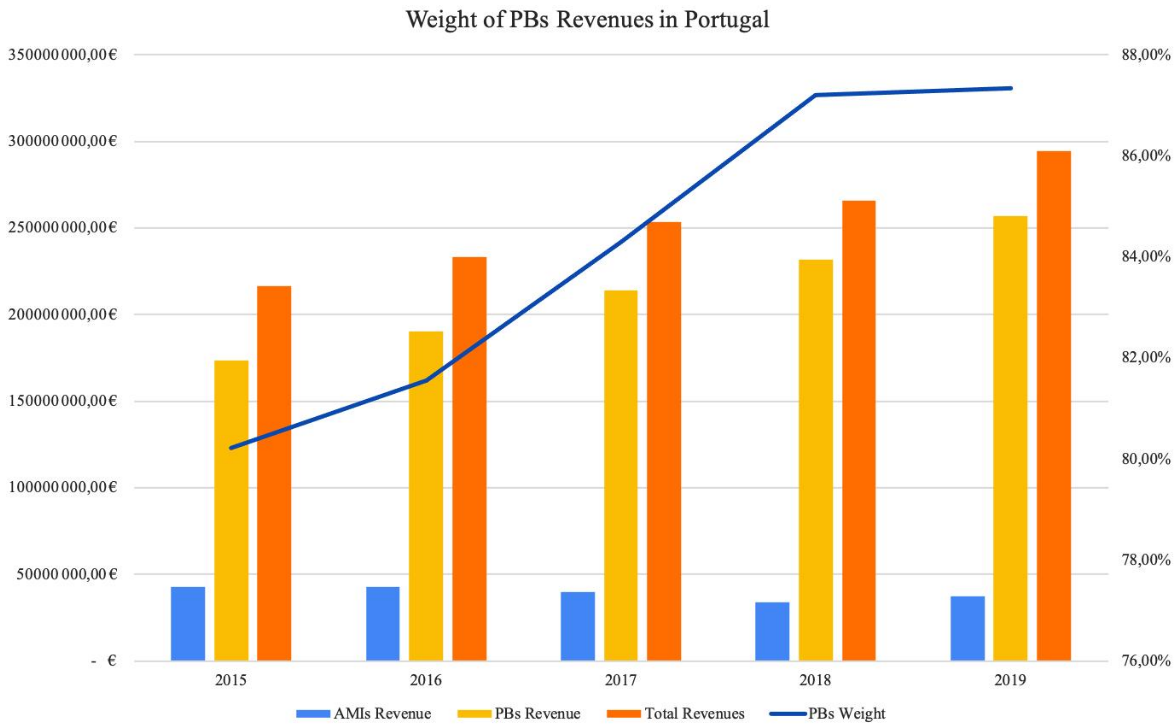
Source: Compiled by the casewriter from data provided by the company internal sources, 2020

Exhibit 9 Customer Satisfaction



Source: Company Documents, 2020

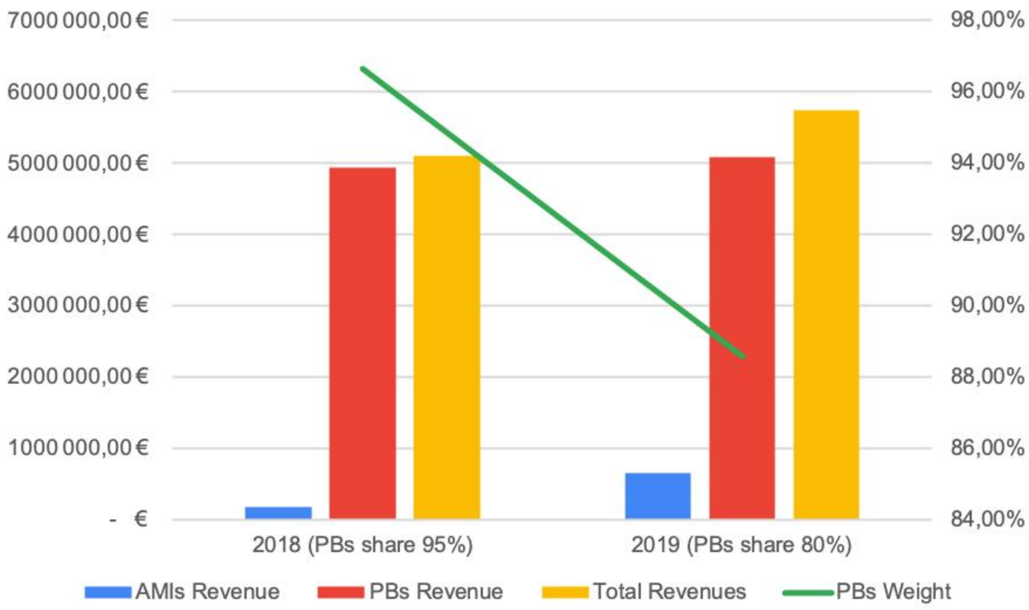
Exhibit 10 Financial data from Decathlon Portugal



Source: Compiled by the casewriter from data provided by the company internal sources, 2020

Exhibit 11 The 100% share experience in Azores store

	2018	2019
AMIs Revenue	172 424,00 €	656 197,00 €
PBs Revenue	4 930 401,00 €	5 086 684,00 €
Total Revenues	5 102 825,00 €	5 742 881,00 €
PBs Weight	97%	89%
Total Growth	NA	13%
AMIs weight on Growth	NA	76%
PBs weight on Growth	NA	24%



Source: Compiled by the casewriter from data provided by the company internal sources, 2020

III. TEACHING NOTES

A. Case Overview

The teaching case was written in collaboration with Decathlon France and Decathlon Portugal. Semi-structured interviews with experts from different departments of the company were conducted (see **Table 1**). The expert interviews aimed to collect data about 1) Decathlon initial branding strategy; 2) The drivers of change; 3) The effectiveness of the newly implemented strategy and how to manage it; 4) The challenges that the company is facing right now; 5) Consumer knowledge and brand perception and 6) PLB share.

Table 1: Experts Interviews

Interview	Name	Position	Country
Interview A	Diogo Nunes	Store Manager	Portugal
Interview B	Erwan Soquet	Communications Leader	France
Interview C	Jean-Charles Delbert	IP Legal Manager	France
Interview D	José Silva	Business & Financial Partner	Portugal

The case describes the branding decisions of the Decathlon Group and how the retailer succeeded in creating its own brands using a multiple-category branding strategy. The case begins with the Decathlon Group corporate history and culture. The philosophy underlying Decathlon decisions was barely unchanged, where the words accessible, passion and customer are the key.

Around 1986, Decathlon was facing major supply problems, the store shelves were empty. The company responded by designing and creating their own products under the *Decathlon* brand. This made them pioneers in the sporting goods market when it comes to PLBs. The retailer has grown through the years with a huge PLB product portfolio in a variety of sports categories.

In 1996, consumers were perceiving lack of variety and financial results were going down. Decathlon understood that a turnaround in their branding strategy was needed to survive. The case aims to explain the effectiveness of the new strategy and how this one was a success in changing consumers behaviour toward PLBs, but also, how it was able to boost product innovation.

The case underlines other two touchpoints related to PLBs' share growth. The categories where customers are more reluctant to purchasing PLBs and the importance of having MBs in the retailer portfolio.

The discussion of the case is enriched with figures regarding customers satisfaction, brand awareness and PLBs' revenues.

B. Target Audience & Teaching Objectives

The present teaching case can be applied for Master or MBA courses in Marketing, Brand Management and/or Retailing.

The teaching case aims to familiarize students with two important topics, private labels and branding strategies. Due to PLBs' increasing complexity, brand architecture decisions are demanded. The case is then an opportunity to explore the brand architecture topic in a PLB context. Decathlon is a perfect example of how a PLB can evolve to a brand status and behave just like an MB would.

Branding strategy plays a major role in marketing and brand management courses. Brand architecture decisions help manufacturers and retailers to strategically organize the brand and its sub-brands. Furthermore, it also determines which brand elements should be applied across new and existing products. The brand name is an essential element of the brand architecture strategy and the case allows the students to understand the main advantages and disadvantages of using a multiple-category branding approach in the specific context of PLBs.

In a marketing or brand management course, in order to answer the assignment questions, the brand equity concept and the brand architecture framework by Keller should be the main focus. Since the case aims to show that this concept and framework can also be applied in PLBs, a short-summary of them should be made as well as consumer behaviour towards them.

In the context of a retail course, the study of PLBs is crucial. They are in the market since the 70s and students should be aware of PLBs evolution and how they are a key component in retailers' success. The case exemplifies PLBs success when managed correctly and when strategies that reduce consumers purchase reluctance are applied. In order to properly understand the case and answer the questions, PLBs benefits and evolution should be taught, as well as PLBs' limitations and consumers' reluctance regarding their purchase. Approaching consumers PLBs perception helps students to properly understand PLBs' naming strategies and share.

PLB tiers segmentation should also be a class topic. The case illustrates a company that does not use the traditional three-tier private label portfolio strategy, but one that divides its PLBs in categories of expertise. It is an interesting case of a discounter, that usually has a wide and shallow assortment, that through its PLBs was able to have specialized categories. Therefore, similar to what happens in specialty stores, they can offer inside each category a narrow and deep assortment.

The case intends to trigger a strategic mindset. First of all, the retailer decision to produce and design its own brands. The goal is that students become aware of PLBs benefits and contextualize PLBs evolution in the market, mainly in terms of brand elements.

Furthermore, students will be confronted with the turnaround in the Decathlon branding strategy. To understand this decision, the concept of brand equity and consumer loyalty are essential, as so, the study of consumer choice behaviour when purchasing PLBs. Naming strategies, and consequently the advantages and disadvantages of each one of them, is also a topic to be approached here so that students when reading the case can understand the decision made by the company.

Another managerial decision concerns with PLBs share. Students are able to explore MBs' importance and their role as part of a retailer portfolio. Here, students will be able to take a more analytical approach since they will be confronted with financial results of a previous PLB share experience. Inside this topic, students can discuss the characteristics of certain categories that make it less prone to the existence of PLBs.

Finally, students will see themselves as brand consultants and recommend a new brand architecture strategy. Hence, to make this decision they should clearly have in their mind the concept of brand architecture and its strategies.

Since the main goal of the teaching case is to explore consumers behaviour towards PLBs and how a branding strategy can influence it, after the class students should be able to: 1) Acknowledge PLB definition and benefits; 2) Recognize PLBs quality as the best way to enhance the retailer image and build PLB loyalty; 3) Acknowledge the brand equity concept and strategies to enhance it in PLBs; 4) Understand the importance of segmenting the market, through a real case of a category tiered PLB; 5) Analyse PLBs' naming strategies, particularly the benefits and drawbacks; 6) Develop recommendations in brand architecture and manage the four brand architecture strategies by Keller; 7) Understand the challenges posed to the growth of PLBs market share; 8) Recognize the importance of MBs in a retailer portfolio.

Adding to these main teaching objectives, the case also gives students the opportunity to learn about relevant features of the sporting goods industry.

C. Assignment Questions for discussion & Guidelines

Hand out the case at the end of a class and instruct students to read it. Inform that the case will allow them to apply the concepts and frameworks learned in class[25]. Ask students to answer the three questions presented at the end of the case so that in the next class, during one hour, you can discuss it together.

In order to start with a case overview, the professor may find of helpful to do a proposed primary question (see **Appendix A**). This question is particularly relevant for the purpose of a retail class, where the Professor might choose not to hand out to the students' question 3, since this course usually does not provide grounds to answer this question.

Question 1: Consider the architecture of the Decathlon Group brand portfolio before and after 1996. Do you think that moving to a multiple-category branding strategy was the best option? List out the benefits and challenges of using a multiple-category branding strategy when compared with an umbrella branding strategy.

The goal is that students get familiarized with the concepts of umbrella branding strategy and multiple-category branding strategy. Students should explain in detail the current brand architecture of the retailer. In class, students can be divided into 2 groups which will debate the reasons in favour of pursuing a multiple-category specific strategy and the other group the reasons against. Along with the discussion, it is suggested that the Professor draws two tables with the benefits and the challenges of each one of the PLB's naming strategies. Then, identify the drivers of change in Decathlon strategy, that is, which benefits of the multiple-category branding strategy led the retailer to adopt this strategy. Finally, identify the drawbacks perceived by applying this strategy.

[25] The main concepts and frameworks that should be mentioned in class are described in the sub-chapter above.

Table 2: Umbrella branding strategy

(+)	(-)
• Enhance brand equity (familiarity effects) • Cost Savings (marketing efficiencies)	• Reduction of perceived variety • Reduced trust on PLBs • Reduce quality perception • Retailers image is more vulnerable

Table 3: Multiple-category branding strategy

(+)	(-)
• Increase PLBs perceived quality (specialist image) • Increases variety perception • Reduction of cannibalization effects • Capacity to attract MBs buyers • Blurred association between the retailer and the brands • Specialized brand perception • Boosts Innovation	• Reduces store loyalty from high PLBs buyers • Confuse customers • Decrease of synergetic benefits

Possible Answer:

In 1986, Decathlon started to produce their own products and, with that, a PLB branding decision needed to be made. At first, the retailer decided to adopt an umbrella branding strategy, which means that the retailer sells its PLBs under a common brand name. In the case of Decathlon, the option was using an own-name branding strategy. Retailer branding strategies are of extreme importance since they influence consumers loyalty, quality perception and assortment variety perception. The problem is that these variables were not being positively influenced by using an umbrella branding strategy. Therefore, in 1996 Decathlon adopted a new branding strategy and passion brands entered in the market.

One brand for each sports universe was created. The passion brands are category-specific and evolved through time. There is now one passion brand for each sports practice and the retailer presents a huge portfolio of PLBs where it is possible to find out a variety of sub-brands. Each *passion brand has its own-name, therefore the retailer adopted a multiple-category branding approach.*

The existence of an umbrella brand might drive customers to the store at an initial stage, but in long-term it will lead to customer dissatisfaction since perceived variety is reduced. This was what happened in Decathlon. Consumers were perceiving lack of variety and, due to this market saturation, a rebranding was needed. Also, the retailer has a lot of different categories and serves different sectors, which confuses consumers since they do not understand how they can offer quality products in distinct fields. Therefore, by having several brand names a specialist image was created. The fact that each brand has its own team with an individual trademark, motivates employees and foments innovation.

One of the main problems with PLBs is that consumers associate them with low quality. However, Decathlon after the rebranding focused on innovation and this is their key asset. This niche PLBs leads to innovation and therefore perceived quality increased. In the sporting goods industry, it is even more important that each brand has its own-name, since consumers develop strong preferences for specific brands. The multiple-category branding strategy has benefits not just externally, to consumer perception, but also internally. It contributed to coordination, innovation and employee's motivation.

Consumers who are more reluctant to the purchase of PLBs products, with multiple-category branding strategy, are more prone to buy them. Since they do not make the direct association between the brands and Decathlon. However, this disconnection between the retailer and the brands can also have negative effects, since positive spillovers will not be shared. In the case of Decathlon, there are not any brand elements that connect the brands. Therefore, the retailer cannot take advantage of communication synergies. The consumers' willingness to buy PLBs products is category-specific. With a multiple-category branding approach, if consumers already developed category-specific loyalty for one of the passion brands, for example, Quechua, this loyalty can't be shared with other categories.

Question 2: Based on Decathlon example, do you think it is advisable to move to a 100% PL share? In case you do not, state what would be the desirable weight of PLBs and why. Illustrate this by explaining the importance of having manufacturers brands in the retailer's portfolio and the PLBs share limitation in some categories.

To answer this question, we must discuss exhibit 10 and 11. Students should conclude that it is not efficient for the retailer to pursue a 100% PL share. They explain that this is due to the importance of MBs on driving customer to stores and also because, in some categories, customers are more reluctant when it comes to buying PLBs.

Possible Answer:

Decathlon assortment contains passion brands but also MBs. Even though more than 80% of the revenues come for the passion brands, MBs are still an important part of Decathlon brand assortment and moving on to a 100% PLB is not advisable. Proof of this, is the experience made in Azores store. From 2018 to 2019, the retailer experienced a significant growth, mostly due to the increased share of MBs, as we can see in Exhibit 11. This means that before, when MBs share was lower, Decathlon was not covering all the consumers necessities, failing the main goal of any retailer. MBs are needed in the retailer assortment because they attract customers to the store. Decathlon must take advantage of this pull and image effects since this enhances customer visits and allows the retailer to transform MBs buyers into passion brand ones.

Therefore, in order sustain the retailer loyalty, Decathlon PLB share should be between 80% and 85%. Taking into account the experiences done so far, these are the shares that offer them the best trade-off. A balance between MBs and PLBs is mandatory. Retailer loyalty depends on the passion brand's quality, but also on the MBs sold in store. Evidence shows that the relationship between the share and store loyalty is only positive until a certain point. Initially the increase of PLBs share will lead consumers to switch for MBs to the PLBs. However, there is a threshold point where consumers start to perceive lack of variety due to the high share of PLBs and that is why is so difficult for Decathlon to achieve a PL share closer to 100%. In fact, the existence of 80% PLB share is only possible due to the retailer branding strategy - since there are several passion brands' names present at the retailer assortment, when the share increases, the MBs consumers do not blame the retailer for MBs reduction.

Furthermore, looking to Decathlon's example, we can see that there are categories where consumers are more reluctant to PLBs purchase. This is another reason why a 100% PLB share is unattainable. Social risk plays a major role. Therefore, fitness and running categories are more prone to this customer behaviour since apparel and running are symbolic products. The same happens in more elitist sports, such as golf or sailing, where reluctance regarding PLBs is higher. Quality risk is another factor - consumers tend to associate price with quality and in categories where the consumer believes that design and production are more *demanding, the quality gap increases. For example, the passion brands Kalenji and Kiprun offer watches, however, most of the assortments in this category is from MBs.*

In Europe, Decathlon has a retailer image, therefore, moving on to a 100% PL share would be a drastic change to customers and they would not understand it.

Question 3: Decathlon is now facing a new challenge: an overload of *passion brands*. At the moment, the retailer is working in a new branding strategy. Taking into account the Brand Architecture model by Keller, which rebranding strategy would you implement if you were the external brand consultant and why?

The question aims to consolidate the brand architecture concept and the four strategies learned in a previous class. These concepts should be explained in the answer and a strategic thinking must be used so a consensus on which strategy to pursue can be reached. It is suggested that an endorsed brand architecture strategy is applied. However, the main goal is that students explain that the company moved from one side of the spectrum to the opposite one, and that now is time to find a balance and choose one of the two middle options.

Possible Answer:

Keller describes the brand architecture strategy as how a firm decides the brands elements across new and existing products. Decathlon should maximize brand equity across all the different passion brands and the brand architecture guides how the new products should be introduced and how to brand them. Decisions regarding the brand name, the logo or the symbol for each passion brand need to be made. The brand architecture strategy aims to help consumers to understand what products are offered and organize them in their mind. Decathlon is failing on this, since consumers are getting confused and overwhelmed by so many passion brands.

Companies can choose between four main brand architecture strategies: Branded House; House of brands; Sub-brands and Endorsed Brands.

A Branded House strategy is when a retailer, in this case, uses an umbrella brand for all of its products. This was Decathlon first strategy. A House of Brands is exactly the opposite and it is the current brand architecture strategy of the retailer. Both of these strategies are in the two end points of the spectrum and both of them proved not to be completely favorable to the retailer. Therefore, Decathlon should adopt a strategy between these two.

In the Sub-brand strategy, the parent brands have a large driver role and have the capacity to alter the associations of the parent brand. Usually, sub-brands combine two or more of the corporate brands, family brand or individual product brand names.

The other option is the Endorsed Brand architecture strategy. The brand elements are not explicitly at all as part of the brand name. Usually, the brand elements might appear on the package, signage or product appearance in some way. This strategy establishes a higher distance between the retailer and the individual brands.

As an external branding consultant, I would advise Decathlon to pursue an Endorsed Brand strategy. This strategy might be the best option since the passion brands can still brands can still have their unique name and autonomy. At the same time, discrete brand elements can be shared across the passion brands, such as the logo or the blue color that characterizes the retailer. This allows to transfer positive associations between brands.

The retailer has been creating along the years several passion brands for each sport practice. Although, these sports practices were previously within a passion brand that included a universe of sports. The Endorsed Brand strategy can also be used to connect multiple passion brands that belong to the same universe of sports. For example, "Inviso by Kipsta". This way, Inviso would be associated with Kipsta and benefit from its brand image.

Taking into account the principle of synergies, brand extensions should always enhance the equity of the parent brand. By looking to Exhibit 2, it is possible to see that they have 7 main brands which correspond to a universe of sports, but along the years brand for each sport practice were created and they now have 59 passion brands. Therefore, the retailer might also opt to reduce the number of brands. Over-branding should be avoided and Decathlon must focus on fewer but stronger brands.

IV. CONCLUSION

Few studies and teaching cases cover PLBs in the sporting goods industry. Therefore, this thesis presents a teaching case about the Decathlon group PLBs' journey. It emphasises how the rebranding of the group was a major driver for success, leading Decathlon to be the main player in European sporting goods market.

At the end of the 80s, the CEO and founder of the group, Michel Leclerq, understood that a radical change was needed for the retailer to succeed. The case illustrates the impact of having a multiple-category branding strategy. Perceived quality and variety increases, innovation boosts, coordination improves and the retailer attains a high PLB share.

Academic literature suggests that PLBs' purchase behaviour is category-specific, therefore, there are categories where PLB penetration is more difficult. Decathlon teaching case evidences this consumer reluctance in categories where product technicity and social risk play a major role. Also, it shows the strategies adopted by the retailer to overcome the challenges imposed by the consumers in the sporting goods industry.

From the case, it is possible to conclude, that some *passion brands* were able to stand out in the market and create their own equity. This was due to innovation and specialization. Company data on the French market suggests that the retailer is seen by the consumer as the number one player in terms of innovation. These findings go in line with academic literature, which points out innovation as the main benefit of PLBs and specialization as the main advantage of a multiple-category branding. It was this combination of both, innovation and specialization, that helped to increase product quality. This is again supported by literature, which states that retailers have been successful in diminishing the perceived quality gap and, therefore, the reluctance on buying PLBs is lower. The case, besides allowing us to reach conclusions regarding PLBs' importance, also demonstrates that MBs still have a major role to retailers.

From the expert interviews, we have also drawn conclusions regarding the effectiveness of their current branding strategy. The existence of so many *passion brands* can easily backfire. It is possible to conclude that their brand architecture strategy needs to be adapted and the House of Brands strategy has gone too far. The strategy has efficiency and coordination benefits. However, consumers are overwhelmed with such a variety of *passion brands* with no common brand elements. Hence, Decathlon is losing the opportunity to take advantage of positive synergies that come from major *passion brands*. It is recommended to the retailer to rethink their brand architecture model so that it can take advantage of positive spillover effects coming from other *passion brands*.

Although the teaching case clearly evidences the success of the retailer, by providing current brand awareness studies and financial results, it lacks data from the 80s and 90s when the rebranding occurred. Therefore, data regarding the immediate impact of the rebranding is missing. Also, the conclusions on the PLB's share only use data from the Portuguese market, although this was a decision made in several European countries, where the strategy was also ineffective. Another limitation is the conclusions regarding consumer knowledge of *passion brands*. They were drawn on the opinion of the interviewed.

In order to improve their upcoming rebranding strategy, future research should include a consumer knowledge survey to analyse to which extent consumers know that the *passion brands* belong to the retailer. Adding to this, brand equity studies for each one of the *passion brands* would also be relevant to better implement a new brand architecture strategy.

APPENDICES

Appendix A: Introductory Question

Question: Along Decathlon's 44 years of existence, several strategies to increase brand equity were adopted. Briefly outline them and state, in your opinion, which ones were more effective and why.

The question aims to consolidate the brand equity concept and familiarize students with all the case. By reading through it, they can identify the main strategies that enhance at first the retailer equity and, later on, the *passion brands'* equity. Students should be able to identify the retailer strategies used to enhance PLBs. They must conclude that the best way to drive consumer loyalty and, consequently, brand and retailer equity is by offering quality PLBs. To do that, the company needs to apply strategies that allow consumers to perceive this quality. Those can be found along the case and should be mentioned in the answer.

Possible Answer:

Decathlon success is only possible due to their capacity to increase brand equity, meaning, the retailer's capacity to create and preserve brand loyalty by establishing a connection with customers.

In the case, it is possible to identify several strategies that allowed the retailer to conquer brand loyalty. Even before producing their owns brands, Decathlon was able to increase brand awareness. The retailer knew that being close to the potential customers was the best strategy. Therefore, their first marketing strategy consisted of attaching Decathlon stickers in the car of students who were also athletes. This ensures that they will be seen and recognized by their target client, sportspeople. Also, even when they did not have the Decathlon trademark, the bicycles sold at the retailer had a sticker on it with the logo.

When the retailer started to produce their own brand under the Decathlon name, customers visits to the store increased due to the lower-priced items. However, this is not the best strategy to retain customers, since they are only concerned about the price and are loyal to PLBs in general, not to the Decathlon brand.

In 1996, passion brands entered the market allowing the retailer to boost innovation. Therefore, the assortment offered in-store is now of higher quality. This is the most effective strategy adopted by Decathlon since quality PLBs are the best way to increase retailers' image and consequently brand equity. Therefore, when a retailer is not able to match MBs quality, *they should not introduce new brands in these categories. That is why, in Decathlon, the product comes before the brand. Only if there is a magical product the brand is created. Also, if a product has a score lower than three out of five, the product will not be commercialized.*

Testing is one of the most important dimensions upon the purchase of sporting goods. Decathlon's passion brands' stores allow customers to test the products in real conditions, by having spaces for product trial. The uncertainty of consumer regarding PLBs' quality can thus be reduced.

The image of the brands is associated with the image of athletes. Decathlon has brand ambassadors who test the products. This gives credibility to the brands and enhances consumer trust. So that the brands can understand customer needs, the development centre of each brand are located near the customers, this is another strategy to ensure quality and consequently loyalty.

Decathlon applies other effective strategies that increase brand equity: 1) a knowledgeable staff which also test the products and are evolved in a sports practice; 2) description of each product characteristics and in-store experiences; 3) additional services, such as checking and maintenance, which attracts customers to the store and increases consumer loyalty. By creating their own iconic products and having passion brand's own stores, the brands gain recognition on their own. PLBs have the capacity to increase store loyalty. People go to the store just to find out the Quechua passion brand. This leads to retailer equity since it offers exclusive brands that drive the customers to the store.

Appendix B: Interview Guidelines

Note: The interviews were semi-structured ones. Therefore, these scripts were used to guide the interview, but a certain amount of freedom was given to the interviewed. The interviews were adapted taking into account the role of the interviewed and their availability.

Appendix B1: Diogo Nunes, Store manager; Decathlon Portugal; 10/11/2020

1. Describe in which context the company decided to produce its own brands. In which categories/sports did you start doing it?
2. In which context did Decathlon decide to change its branding strategy? Were there any market studies? In which data did you relate to make this decision?
3. Do you think that the decision of moving on to a multiple-category branding was crucial for Decathlon success?
4. Which were the immediate effects of the multiple-category branding strategy?
5. Do you think that this strategy helps to not compromise Decathlon as a retailer? Or do you think that consumers in fact associate the brands with the retailer and positive and negative spillovers go from the brands to the retailer?
6. We are in an industry where testing and experience play a major role. This were the main strategies that Decathlon used to improve customers trust in its passion brands, right? Which other strategies did you use?
7. Is there any category where conquering customers loyalty is more difficult?
8. At that time, why did you choose to have Quechua and Tribord has the first passion brands?
9. Do you think that the customers are loyal to the Decathlon brands, for example, to Quechua, or to Decathlon as a retailer?
10. What most attracts customers to store, the passion brands or the manufacturer brands?
11. Which perception do you have regarding customers knowledge of the brands? For example, do you think that consumers know that Decathlon owns the Quechua brand? Did you ever study this?
12. Is there any category/sports practice that has a 100% private label share?

Appendix B2: Jean-Charles Delbert, IP Legal Manager; Decathlon France; 13/11/2020

Decathlon previous strategy – umbrella branding

1. Describe in which context the company decided to produce their own brands.
   - In which categories/sports did you start doing it?
   - Which were your biggest competitors at that time?

- You were the first ones in the sporting goods industry to start offering a store brand, wasn't that too risky? How did you know that it would work?

The change

2. How did the PLB change over time?
   - Did you notice the change in consumer's reaction to the new strategy?
   - Why did you make the decision to move from an umbrella branding strategy to a multiple-category branding strategy?
   - In which data did you base this decision? Do you have any brand studies?
   - Why did you choose Quechua and Tribord to be the first passion brands?

Results

3. Which were the main results of this new strategy?
   - Which were the main advantages of applying it?
   - How did consumers receive this new strategy?
   - Do you think that this change was a determinant factor for Decathlon success?
   - At the beginning, did this new other-name branding strategy affected consumers purchase?
   - How did you notice that in fact, this strategy was working?
   - Did financial results proved that the new strategy was working?
   - Do you have any data/feedback on customer perception of the new strategy?

Strategies

4. How were you able to launch these new brands in the market and gain customers trust?
5. Which strategies were and are determinant to gain consumer trust?
   - What did you do at that time to increase loyalty and improve consumers trust?
   - Do you use the sponsorships in order to improve trust?
   - Decathlon also has training courses, does this help to increase brand equity?
6. Is your focus to always have the lowest prices?
7. The beginner, intermediate and expert level are also to categorize the PLBs, right?
   - Why do you have this segmentation? Is due to the fact that one of the major drivers of purchase behaviour in the sporting goods industry is consumer knowledge and experience?
8. Was it more difficult to establish the *passion brands* in Latin America and in Asia? (Consumes are more brand loyal)

9. What do you think that attracts the consumers to the store? Are the passion brands or the national brands?

Management

10. How to manage and organize the passion brands?
    - Independent teams work in each PL?
    - Are the brands and sub-brands completely independent?
11. Do you subcontract manufacturers? Or do you vertically integrate?
    - If you subcontract, are your manufacturers from competitors' brands? Patents for all the brands and products?
12. You are the first ones in this industry to have private labels. However, some of your competitors also do it right now. What is your main competitive advantage when compared to them?

Consumer behaviour

13. In your opinion, which are the main specificities of the sports industry that might make affect consumer perceived quality?
14. Do you usually do surveys to analyse consumer perception of your PL brands in terms of quality?
    - Do consumers know that most of the brands present at the store are from decathlon? Did you ever analyse this? Is there any data?
    - Is there any category where it is more difficult to get consumers trust?

Private Label Share

15. Increase PLB share is a goal?
    - Did you think to move on or do you think it is feasible to move on to a 100% share of PLBs?
    - I know that 5 years ago you tried to have 100% PL share but it did not work. Which are the main reasons for this?
    - How much is your PLB share right now?
    - Are there any categories that are 100% PL? Why it works in these categories and not in others?

Challenges

16. Finally, which are the new challenges that the company is facing and where do you want to be now? Which is the next big decision?

Appendix B3: Erwan Soquet, Communication Leader; Decathlon France; 14/11/2020

1. How do you think that having a multiple brand strategy impacts consumers perception?
2. Passion brands were created so that different design teams could be dedicated to one sport, but do you think that this division helps to build brand equity?
3. Before 1996 all the products that were launched in the market had the Decathlon brand on it, after this, the passion brands were created and the products came up with new brand names, why did you make this decision?
4. Do you think that having too many passion brands is one of the challenges that you are facing right now?
5. Do you have any brand awareness studies before and after 1997? Or do you have recent ones?

Appendix B4: José Silva, Business & Financial Partner; Decathlon Portugal; 19/11/2020

1. Which is Decathlon PLB percentage at the moment and how it has evolved through time?
   - Do you know PLB percentage of Sport Zone?
2. Is there any category/sports practice that has a 100% private label share?
3. How much is the passion brand weight in the revenues of the company?
4. In 2015 Decathlon stopped to offer, in some stores, manufacturers brands. This strategy did not work out, why?
5. Sport Zone adopted the opposite strategy and stopped offering PLBs. The strategy also did not work out. Which main conclusions did you take from this?
6. Is there any category where conquering customer loyalty is more difficult?
7. Do you think that the customers are loyal to the Decathlon brands, for example, to Quechua, or to Decathlon as a retailer?
8. What most attracts customers to store, the passion brands or the manufacturer brands?
9. Which perception do you have regarding customers knowledge of the brands? For example, do you think that consumers know that Decathlon owns the Quechua brand? Did you ever study this?
10. Does Decathlon use any strategy to connect the different passion brands?
11. Is there any financial data regarding PLBs before and after 1997?

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