Consumers reactions to Tesco`s market entry in Taiwan a comparison with the UK experience

Ching-Wei Ho (corresponding author)
Department of Marketing and Logistics Management
Chaoyang University of Technology, TAIWAN
+886 (0)4 2332 3000 Ext 5206
cwho@cyut.edu.tw

John Temperley
Leeds Business School
+44(0)1132 832600 Ext 24815
j.temperley@leedsmet.ac.uk

Abstract

The purpose of this paper is to research consumer response to retail branding models in Taiwan by means of exploratory qualitative research comparing Tesco's retail branding in the UK and Taiwan in order to find out the level of consumer acceptance of Tesco in Taiwan as a new market entrant. From the consumers' viewpoint, Taiwanese Tesco's retail corporate images, store positioning and retail branding process are not understood or clearly differentiated and identified by local consumers. This was a big problem for grocery shoppers and should therefore be considered as one of the key factors in Tesco`s withdrawal from the Taiwan market. It demonstrates the consumer acceptance issues even a strong retail brand faces transferring its brand to a new market with consumers unfamiliar with its retail brand proposition.

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Keywords: International Retail branding models, Retail corporate brand, Comparative retail, Consumer perception, Tesco Taiwan

Introduction

Tesco came into the Taiwanese retail market in 2000 carrying the title of the top retailer in the UK and one of the top 10 global retailers. Tesco has had a great and successful experience in building retail branding, so its market entry was believed to be a huge threat to existing rivals, e.g. Carrefour, RT-Mart and Costco. However, after five years, Tesco Taiwan failed its original intended aim to open 22 stores and had opened only 6 stores resulting in September 2005, with Tesco exiting the market. The exit involved a contract with Carrefour to swap all its Taiwan sites for stores in the Czech Republic and Slovakia owned by Carrefour, the deal was concluded in June 2006. (Tran, 2005; Chen, 2006)

The academic literature is full of positive stories about retailer internationalization, but actually, in reality many retailers struggle internationally (Burt, Dawson and Sparks, 2003). Ten research propositions linked to retail failures were identified in this study and grouped into four major categories ranging from choice of target market assessment of type of competition, organizational failure and management failure. No specific mention is made of the consumer perspective related to retail branding. Moreover, an understanding of consumer needs and desires is essential to manage retail brands successfully (Birtwistle, Clark and Freathy, 1999). In addition major retailers such as Tesco plc depend heavily on economies of scale and the achievement of significant market presence and share (Howard, 2004 in Reynolds and Cuthbertson, 2004).

According to Howard sustained international success requires skills in location analysis and site acquisition, brand building and relationships with local and national governments and managing any alliances or partnerships in remote markets plus top management support. This view is supported by Dawson and Mukoyama (2006) who identify five key success factors amongst European retailers – innovation in formats and processes, control of branding, adaptation to new markets, economies of scale, speed of response. The authors sum up by saying that a key question is the extent to which these key factors can be transferred beyond Europe.

It is clear from press comment on Tesco's market withdrawal five years after it entered the Taiwanese grocery market that critical size and therefore significant market presence and share were regarded as unattainable (Guardian, 2005) The issues of consumer acceptance of retail branding including brand building activity and adaptation to new markets were not however covered in published comments and this therefore is the focus of this study.

The aim of this study is exploratory based around retail branding issues from the consumer perspective. The focus therefore is to explore Taiwanese consumer perceptions of Tesco's retail branding covering all species s of retail brands from corporate to own label ranges and compare their difference in the UK and Taiwan.

Retail Branding Models

Many different definitions of retailer brands (own-label brands, private labels, or own brands) can be found. Brassington and Pettitt (2003 p.1106) defined "retailer brands" as "branding applied to goods that are produced by a manufacturer on behalf of a retailer or wholesaler who owns the rights to the brand." McGoldrick (2002) also named a number of different "species" of retailer brands:

- Retailer name brands: using the retailer's own name, such as Sainsbury's standard store brands

- Store sub-brands: carrying both the retailer's name and that of the sub-brand, such as Tesco's Finest range
- Generic brands: a plain-label variant upon the own brand concept, such as Tesco Economy brand and Euro shopper's product range
- Exclusive brands: distributed exclusively by the retailer but packaged under various different names, as in the case of Tendril detergents in Audi
- Exclusive products: not truly own brands but products exclusive to a retail chain: for example, Del Monte supplies exclusive products to Micros in Switzerland

Kapferer (2004) argued several types of distributor's brands:

- Low price lines, to stop customers from defecting to the hard-discounters (50 per cent cheaper than producer brands).
- The "store brand" (generally 15-20 per cent cheaper than producer brands).
- Lastly, the private labels, each of which has its own separate name and packaging. With their (unlimited) numbers, they provide a practical solution to the distributor's need for flexibility and segmentation.

Burt and Sparks (2002) based primarily on Laaksonen and Reynolds's four generations model (1994) to develop a five-typology of product brand development (Table 1) which suggests that retail branding has developed through a number of generations from generics to own brands and through to added value retail branding (Burt, 2000; Veloutsou, Gioulistanis and Moutinho, 2004).

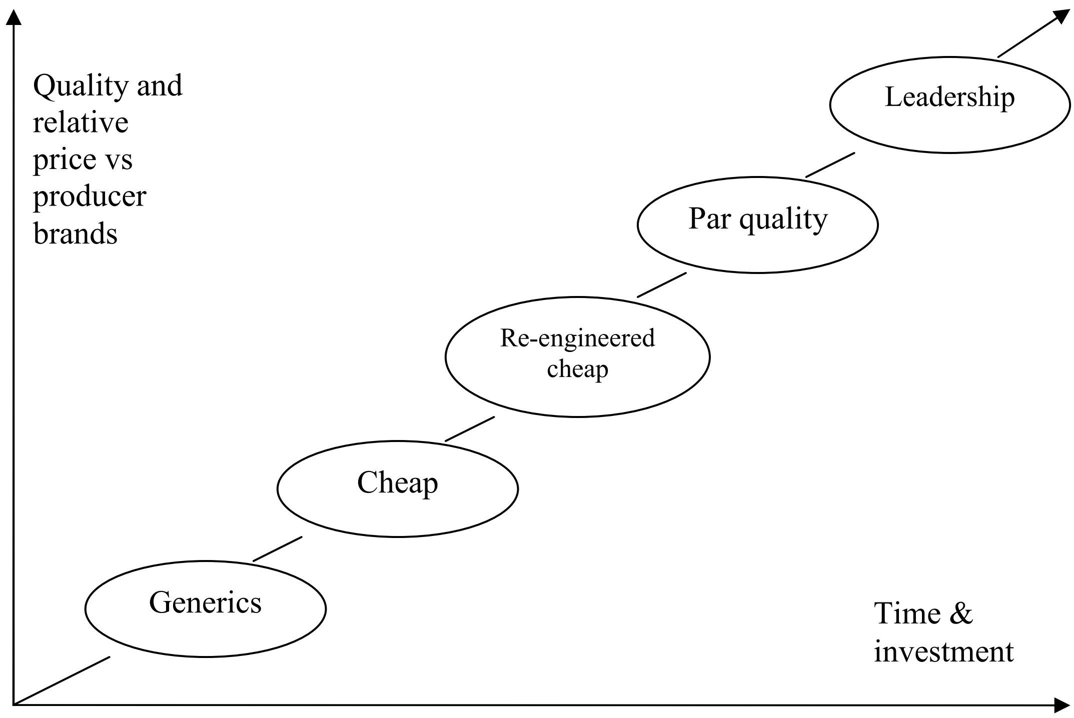
Similarly, Wileman and Jary (1997) suggest five stages in the development of retail brands (Figure 1)- generics, cheap, re-engineered cheap, par quality, and leadership- which roughly match the maturity of the brand concept (Burt, 2000).

Table 1: A typology of retail brands

	1st Gen	2nd Gen	3rd Gen	4th Gen	5th Gen
Branding form	Generic; No name; Unbranded	Own label; Unsupported own brand	Supported own brand	Extended retailer brand, i.e. segmented retail brands	Corporate brand
Strategy	Generic	Low price copy	Me-too copy of major brands	Value-added	Corporate positioning
Objective	Increase margins; Provide choice in pricing	Increase margins; Reduce manufacture power by setting the entry price; Provide better-value product	Enhance category margins; Expand product assortment; Build retailer's image among consumers	Increase and retain the customer base; Enhance category margins; Improve image further; Differentiation	Produce strong positive identity and practice; First choice for consumers; Satisfy stakeholders
Product	Basic and functional products; Commodities	Staple or basic lines with a large volume	Big category products; Major sale items	Image-forming product groups; Large number of products with small volume	The corporation and its tangible and intangible attributes
Technology	Simple production process and basic technology	Technology lagging behind market leaders	Close to the brand leader	Innovative technology and processes	Stakeholder relationship management
Quality/ Image	Lower quality and inferior image	Medium quality but still perceived as lower than leading manufacture brands	Comparable with the brand leaders	Same or better than brand leader; Innovative and different products from brand leaders	Quality and consistency through the organisation
Price position	20% or more below the brand leader	10-20% below	5-10% below	Equal or higher than known brand	Focus on delivering value
Consumers' motivation to buy	Price is the main criterion for buying	Price is still important	Both price and quality, i.e. value for money	Better and unique products	Trust
Supplier	National, not specialized	National, partly specializing to own label manufacturing	National, mostly specializing for own brand manufacturing	International, manufacturing mostly own brands	Innovative partnerships

Source: Burt and Sparks (2002) *Note: Burt and Sparks cited this table from Laaksonen and Reynolds (1994) and Dawson (2001) for generations 1 to 4*

Figure 1: Stages of store brand development



Source: Wileman and Jary (1997, p.135)

The result is that the stages concept in these schemes does not only present the development and evolution of own brands, but also indicates a hierarchy model of retailer brands. Consequently, from the low price generic brands to higher quality sub-brands, own brands segment different targeting consumers from price-sensitive to quality-sensitive. Namely, under the same retailer's name, own-label brands have different layers comprising generics, core own-brands and sub-brands and form a retailer brand hierarchy in order to target and satisfy different consumer segments and hence differing consumer needs.

Additionally, the retail brand does not just indicate "the own brand". In broad definition, retail brands mean everything within retailers, as Wileman and Jary (1997) mentioned that retail brands mean the store or fascia brand, not just private label products. Some previous discussions also argued the concept of the retail as a brand with both tangible and intangible dimensions (Ailawadi and Keller, 2004; Davies, 1998; Davies, 1992; Davies and Ward, 2005;

Knee, 2002). One director of Tesco said that "the shop itself, its location, its atmosphere, the service it offers and the range of goods and prices can become the Brand" (Murphy, 1990, p.65).

John Dawson distinguished that retail brand includes three levels (Wang, 2004) as below, which is a type of retail brand architecture, and also integrated previous related studies as a summary of the retail brand model including tangible and intangible elements is created in Table 2.

- Brand of company, i.e. retail corporate brand (e.g. Burt and Sparks, 2002)
- Brand of stores, i.e. retail store brand (e.g. Porter and Claycomb, 1997; Richardson, 1997)
- Brand of items, i.e. own-brands (e.g. Gordon, 1994; Kapferer, 1997; Prendergast and Marr, 1997; Kim and Parker, 1999; Sinha and Batra, 1999; Burt, 2000; Yelkur, 2000; Garretson, Fisher and Burton, 2002; McGoldrick, 2002; Davies and Brito, 2004)

Table 2: The retail brand architecture model

Retail brand architecture	Tangible elements	Intangible elements
Brand of retail company	Corporate name, Corporate logo	Corporate identity, Corporate images
Brand of retail store	Branded store formats	Process brand, Services, Customer relationships, Store images
Brand of item	Own-brands	Product images

Sources: Wang (2004), Davies (1992) and Ho (2007)

Davies (1992) also indicated that retail brands exist in two forms: the more obvious merchandise brands, commonly known as own-brand; and the less obvious process brand that represents the experience that retailers provide. The process brand, as a service, is purchased with the shoppers' time rather than with their money and also it has value to the retailer as it generates customer flow, customer loyalty and higher expenditure. Therefore, the shop itself, its location, its atmosphere, the service it offers and the range of goods and prices can become the Brand (Murphy, 1990).

To sum up, combining the previous retail branding models, Ho, Vignali and Temperley (2006) created a summarized comparative table for a hierarchy of retail branding in Table 3. This hierarchy table more focuses on retail own label products and it is not only to present the evolution of own brands but also to classify the typology of own brands.

Table 3: A hierarchy of retail brands

Own-brand hierarchy	**Characters of hierarchy model**	**Five Gens model**	**Five stages model**	**Dawson's three levels**
Generic	Generics	1.Generics	1.Generics	---
Value	Sub-brands (low price/ quality)	2.Own label	2.Cheap	1.Brand of items
Standard	Core own-brand	3.Supported own brand	3.Re-engineered cheap	1.Brand of items
Exclusive	Sub-brands (high quality)	4.Extended retailer brand	4.Par quality	1.Brand of items
Retail store/ company	Store/ Corporate brands	5.Corporate brand	5.Leadership	2. Brand of store 3. Brand of company

Sources: Ho, Vignali and Temperley (2006)

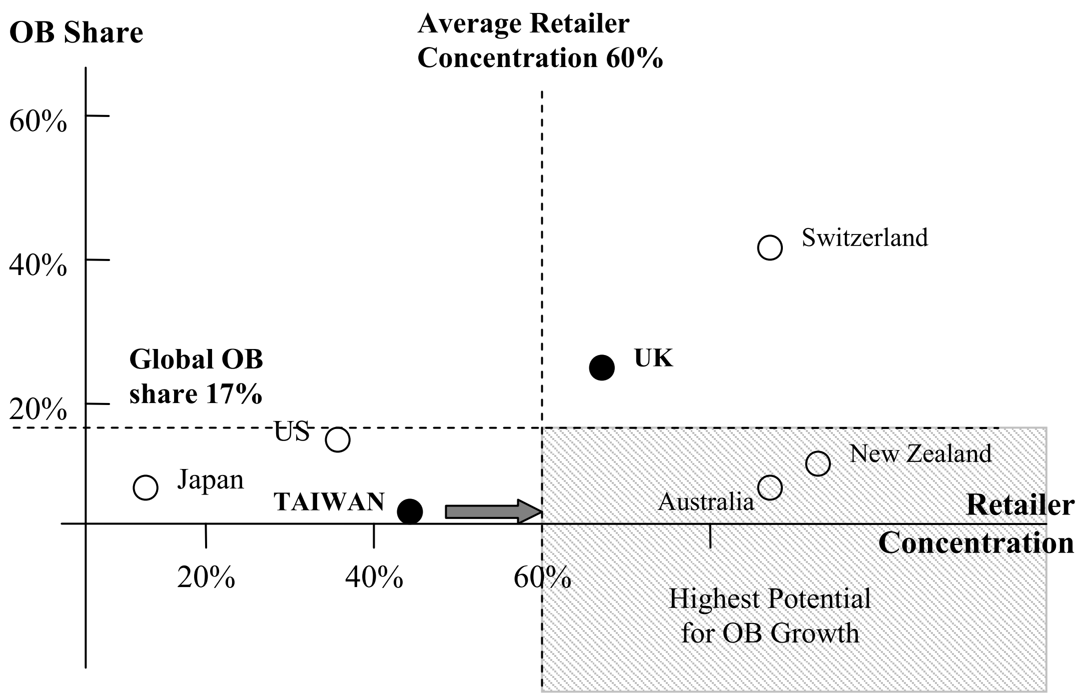
Meanwhile, academic literatures on the topic of retail branding illustrate the evolution of retail brands (Burt and Sparks, 2002; Laaksonen and Reynolds, 1994; Leahy, 1994; Wileman and Jary, 1997). The evolution of retailer own brands can be traced back to 1870s, according to de Chernatony and McDonald, multiple retailers emerged around that period and developed their own range of brands for which they controlled the production and packaging. The early versions of distributor brands (usually referred to as own labels or private labels) tended to be basic grocery items (1998, p.31). "The late 1960s was when own brands started to be widely noted as a threat to manufacturers' brands, especially in packaged grocery markets" (McGoldrick, 2002, p.337). The development of retailer brands in Europe is much more than in US and any other countries, especially in the UK.

Retail branding in the UK and Taiwan

The concept of the retail brand has been mature in the UK, but it is at an early stage in Taiwan.,currently the own brand share is under-developed with only 2.1 percent market shares however the growth rate is 30 percent (Wang and Lu, 2005). The Taiwanese Retail Analysis Report 2005, confirms that the development of own-brands is one of the main trends in the future and with a focus on the *well-quality with budget value* (Liao, 2005). Furthermore, Chen (2005) supported that it is becoming a necessary trend to develop own brands for Taiwanese retailers.

Figure 2 illustrates that global own brand share is 17 percent and average retailer concentration is 60 percent. The UK is at the position of over both average levels where is the well-developed own brand market. In the grey zone, e.g. New Zealand and Australia, it is the highest potential market for own brand growth. Though currently Taiwan is in the under-developed marketplace, it is moving toward the grey zone through increasing retailer concentration.

Figure 2: Own brand (OB) shares and retailer concentration



Source: Wang and Lu (2005)

Fortune magazine characterized retail own brands as "Brand Killers" and indeed own brands are even more powerful than the P&G brand in some categories in the Western market (Ho, 2003). However, in Taiwan retailer brands are still very young so most retailers only develop their own brands as "price killers" rather than "brand killers". "Cheapest price" is the most popular image for own brands that retailers create for attracting and communicating with consumers. Thus, the main purpose of retail own brands is as a price war tactic ; whilst in the UK own brands have been used to build differentiation with competitors who include both manufacturers' brands and other retailers' brands. thus becoming a real "brand killer".

Based on previous research we can compare and contrast the two markets characteristics below (Table 4):

Table 4: The comparison of UK and Taiwan's market

UK	Taiwan
1. From Figure 2, both global own brand shares and retailer concentration are over global average ratios. The retail market and industry have been mature and complete as well as retail own brands have got strong power in the market. 2. Own brands have been developed and promoted for a long time, and have full ranges of products which provide a range of choice for consumers. "Low price" is not the only positioning for retail own brands. 3. For consumers, they have been educated by retailers marketing communications and become familiar with own-brands, so not only do they accept retailer brands easily, but also they trust the product quality, whether it is the Value line or Exclusive line. 4. The own brand hierarchy is obvious and target segments are clearly differentiated.	1. From Figure 2, both global own brand shares and retailer concentration are under global average ratios. The lower percentage of retail concentration means there are many alternatively substitutes for hypermarkets and the retail power can not central to be stronger. Therefore, the "price war" is the current strategy in this intensive and competitive retail market. Retail own brands are used to focus on the "cheapest price" image. 2. The development history of own-brands in Taiwan is still young, so product ranges are much less than the UK, but it is increasing year by year. 3. Consumers get the new concept of retailer brands and are continuing to be educated. From many statistic data, more and more Taiwanese people accept own-brands, but just for specific categories with lower price, i.e. commodities and low brand loyalty products, such as toilet paper and package water. People still hard to accept Exclusive line at moment. 4. The own brand hierarchy is not very clear and complete. Almost all marketing communication strategies put emphasis on the Value Line and the "value" image.

Source: Ho, Vignali and Temperley (2006)

Tesco plc and Tesco Taiwan a comparison

Tesco plc is the UK largest grocery retailer, top 3 in the world. Since the mid-90s, Tesco has expanded overseas markets in 12 international countries outside the UK excluding those failure markets (Tesco plc, 2008a). Taiwan was its third Asian market in 2000 after Thailand (1998) and South Korea (1999). (Tesco plc, 2006) Table 5 shows its global market and number of stores.

Table 5: Tesco's global market and stores

	UK	Europe	Asia	USA
Markets (stores)	England (1878) Scotland (116) Wales (80) N Ireland (41)	Poland (301) Hungary (123) Rep. of Ireland (100) Czech Rep. (96) Turkey (66) Slovakia (60)	Thailand (476) S Korea (137) Japan (125) China (56) Malaysia (20)	S California (28) Arizona (14) Nevada (11)

Source: Tesco plc (2008a)

With years of experience overseas, Tesco evolved a strategy for international markets based on the following six elements (Tesco plc, 2008b):

1. Be flexible- each market is unique and requires a different approach.
2. Act local- local customers, local cultures, local supply chains and local regulations require a tailored offer delivered by local staff.
3. Focus on maintaining great service, great choice and great value.
4. Use multi-formats from convenience to hypermarkets.
5. Develop capability- it's not about scale, it's about skill- have capability through people, processes and systems.
6. Build brands.

Therefore, Mr Orchard-Smith, C.E.O. Tesco Taiwan, believed that customer services and own-brands are Tesco Taiwan's two major competitive advantages which absolutely differentiate Tesco from other hypermarket players (Gao, 2002). It also explained why Tesco decided to invest in Taiwan market with positive visions, even though Taiwanese macroeconomic environment was not good enough during that time, and in hypermarket industry three strong international rivals, i.e. Carrefour, Auchan and Casino (Geant), have been occupied the main market, (Ciou, 2001).

After coming to Taiwan in 2000, Tesco aimed to grow 6 stores in 2002 and achieve 22 stores by 2005 (Ciou, 2001). Mr Orchard-Smith pointed out that Taiwan is an exciting market and full of challenge. Taiwanese market can be seen as a launching pad for Tesco to get into the Chinese market. (Zeng, 2003) Thus, Taiwan was an important market for Tesco plc.

However, after five years on 30th September 2005, Tesco announced that it pulled out of Taiwan where it struggled against larger rivals. Tesco agreed to swap its all assets in Taiwan for stores in the Czech Republic and Slovakia owned by Carrefour (Tran, 2005). Commenting on this deal, Andrew Higginson, Tesco's Group Finance and Strategy Director stated, "This is a positive strategic move for Tesco which will allow us to focus on doing an even better job for customers in Central Europe and our other Asian markets" (IGD, 2005). Market analysts thought that Tesco failed to reach its aims in Taiwan because of two reasons: entry into Taiwan market too late and managing brand differentiation unsuccessfully (Jheng, 2005). Tesco is proud of its retail brand building (i.e. including corporate brand, store brands and own brands) and this is actually its advantage, but this time it was not successful here and the brand power was not enough to influence Taiwanese consumers (Du, 2005). There has not been any academic work undertaken in support of the brand building comment by market analysts and this research attempts to fill this gap.

Research methodology

The primary research, was therefore to complete the objective below

To explore Taiwanese consumer perceptions of Tesco's retail branding and compare its difference in the UK and Taiwan

In order to explore and compare the feeling and perception of retail branding in two different markets from the consumer's perspective, qualitative research was conducted to help the conceptual development using semi-structured interviews a "wide-ranging category of interview in which the interviewer commences with a set of interview themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation" (Saunders, Lewis and Thornhill, 2003, p.489). Length of time was around 40 to 50 minutes per respondent and 22 Taiwanese interviewees were contacted to carry out this research and were selected using the following criteria:

- have living experience in the UK at least one year
- have shopping experiences at hypermarkets both in the UK and Taiwan in recent years
- all respondents are from three major districts of Taiwan (Northern, Central and Southern Taiwan) in order to validate this research

Having living experience at least one year in the UK means these Taiwanese people understand basic shopping behaviour and the market environment in the UK. The sample was not easy to access so snowball sampling was used which "is commonly used when it is difficult to identify members of the desired population" (Saunders, Lewis and Thornhill, 2003, p.176). At the beginning, researchers contacted one to two Taiwanese friends who stayed in the UK for at least one year as the initial respondents and then through his or her relationships to find identify the next respondents.

On finishing the interviews, an important issue for consideration was translating questions from Chinese into English. Usunier (1998); Saunders, Lewis and Thornhill (2003) suggested a number of techniques for translating: direct translation, back translation, parallel translation and mixed techniques. The direct translation approach was easy to implement and relatively inexpensive, so this was used. Meanwhile, in order to avoid misunderstanding or mistranslating, the technique of "member check" is used, which means the agreement of the participants for the interpretation results. (Golafshani, 2003)

The analysis of qualitative data was conducted by content analysis which has been defined as a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding. It can be a useful technique for allowing researchers to discover and describe the focus of individual. Moreover, content analysis is also an extremely useful tool for adding depth and breadth to the research, and rigour to method. It can reveal key themes and concepts contained in data, and this can lead to the opening of important avenues for research, or the identification of key variables for research (Weber, 1990; Page and Meyer, 2000).

Finding analysis

Objective 1: To apply retail branding models in Tesco's retail branding and compare its difference in the UK and Taiwan

According to John Dawson's 3 levels model and the hierarchy of retail brands, the comparative analysis of Tesco UK and Tesco Taiwan is in Table 6:

Table 6: Tesco's retail branding in the UK and Taiwan

<table>
<tr><th colspan="2">Retail Branding Models</th><th rowspan="2">Tesco UK</th><th rowspan="2">Tesco Taiwan</th></tr>
<tr><th>Three levels</th><th>Hierarchy</th></tr>
<tr><td>Brand of company</td><td rowspan="6">Retail company/store</td><td>Tesco plc</td><td>Tesco□□□</td></tr>
<tr><td rowspan="5">Brand of stores (store formats)</td><td>Express</td><td rowspan="5">Hypermarket (standard and city format hypermarket)</td></tr>
<tr><td>Metro</td></tr>
<tr><td>Superstore</td></tr>
<tr><td>Extra</td></tr>
<tr><td>Homeplus</td></tr>
<tr><td rowspan="3">Brand of items (own brands)</td><td>Exclusive</td><td>Tesco Finest</td><td>---</td></tr>
<tr><td>Standard</td><td>Tesco</td><td>---</td></tr>
<tr><td>Value</td><td>Tesco Value</td><td>Tesco Value</td></tr>
</table>

Source: from this research

Tesco UK has full and complete range of retail branding. Its brand of company is the corporate brand, Tesco plc, and brand of stores includes 5 different store formats and each one is explained as below (Tesco plc, 2008c):

- Express (up to 3,000 sq ft)- convenience store
- Metro (approx. 7,000-15,000 sq ft)- city centre supermarket
- Superstore (approx. 20,000- 50,000 sq ft)- Large supermarket
- Extra (approx. 60,000 sq ft and above)- hypermarket
- Homeplus (approx. 35,000- 50,000 sq ft)- non food, including clothes

Brand of items which is own brands comprise three different lines: Exclusive, Standard and Value. These also can be applied in other own brand models, such as Five Generations model and Five stages model (Table 7).

Table 7: applying Tesco UK's own brands in own brand models

Tesco UK	Five stages model	Five Generations model	Characters of hierarchy model
Tesco Value	Cheap	Own label	Sub-brands (low price/ quality)
Tesco	Re-engineered cheap	Supported own brand	Core own-brand
Tesco Finest	Par quality	Extended retailer brand	Sub-brands (high quality)

Source: from this research

In contrast, regarding Tesco Taiwan, its brand of company was "Tesco□□□", and the Chinese brand name means "very easily shop/buy". Brand of store only had hypermarket brand but there were 2 different store formats (Ho, 2004):

- Standard format hypermarket (approx. 53,355.4 sq ft and above)
- City format hypermarket (approx. 46,2414.4 sq ft and above)

Brand of item only had Value line, which is the lowest price and quality product.

Therefore, Tesco UK and Tesco Taiwan were quite different and not completely comparable in terms of both store format and retail brand archtitecture.

Objective 2: To explore Taiwanese consumer perceptions of Tesco's retail branding and compare its difference in the UK and Taiwan

After conducting interviews, consumer perceptions of Tesco's retail branding are discussed as follows:

1. Perceptions of retail own brands

In the UK

Interviewees were all familiar with UK's retail own brands and have clear understanding of them. First of all, their perceptions of own brands was "**low price**" and "**budget**". People thought that in the UK own brands have an image of "low price" without the "expensive" image. Even though there are different levels of prices, they are still cheaper than producer brands.

Meanwhile, people felt that UK's own brands with different labels have "**clear hierarchy**". These different levels with high/standard/low prices and qualities provide consumers more different options. Moreover, although these own brand products have different labels, consumers still can recognise that these are all from the same retail brand, namely like a family brand

In addition, consumers thought UK's own brands are **"well-managed"** in brand marketing and product packaging. For example, Tesco Finest and Tesco Value, shoppers can clearly and easily to distinguish different levels of own-brands from their package. Also their advertising, positioning and price/quality strategies are very clear, which is easy to realise and choose what consumer need. The development of own brands in the UK is mature.

In Taiwan

However, consumer perceptions of own brands in Taiwan were rather different in the UK. In Taiwan some consumers even did not know there were own brands as there was almost no any advertising and promotion for own brands. So their perception was **"nothing"**. This presented that marketing communications with consumers were not enough and also the development and operation of retail brands were less-managed.

Consumers who knew own brands in Taiwan had negative perceptions. Own brand hierarchy was not clear and completed in Taiwan and consumers always saw retail brands as "**cheap**" with "**poor quality**". Most of Taiwanese consumers still thought "low price means problem quality", so they did not have the courage to try own brands, especially for food products in Taiwan. On the other hand, some people saw "cheap" as an advantage of own brands, especially for specific events (party/BBQ) or festivals (Chinese New Year), large amount of products with budget prices are the best choice.

Additionally, the relationships between retailers and own brands were poor, so even though a retailer had positive store image or reputation in consumers' minds, consumers were still use to buy branded (manufacturers) products rather than choosing its own brands at moment. Hence, strengthening communication and education with consumers and building a clear and health brand image and positioning are important in Taiwan.

2. Perceptions of retail store/corporate brands

Tesco's corporate brand image and positioning in Taiwan was not clear for consumers. Some Taiwanese consumers felt it has UK style but some did not think so. Neither localisation nor the same feeling as Tesco UK made consumers feel very uncomfortable and disappointed. The corporate brand image of "half Taiwan and half UK" gave consumers unclear and fuzzy perceptions.

"Tesco gives me a very good store and corporate brand image; I think it might be related to my UK's experience. Tesco Taiwan is not too localization, personal thinking, that is why it is not very successful in Taiwan, not like Carrefour, RT-Mart and FE Geant these three stores which look like big stockrooms and feel like traditional markets inside." (Respondent 1)

"I feel Tesco Taiwan is friendly to me as my UK's experience and I can buy some UK's products in Taiwan through Tesco. In my image, Tesco Taiwan more focus that they are 'imported retail brand' and also foreign foods, e.g. cornflake and macaroni, are always put in a showiness place. I don't know whether they understand the Taiwanese market and consumers, these foreign products are not suitable for Taiwanese habits. However, on the other hand, it's good for Tesco, as they have differentiation from other rivals; they have the 'imported products' image." (Respondent 5)

Comparing with Tesco store brand in the UK and Taiwan, Tesco UK gives consumer a professional image in food retailer which market positioning is very clear whilst Tesco Taiwan cannot deliver any specific image to consumers apart from "sell everything" which is similar to other existing rivals and without a clear market segment. Moreover, Tesco UK has supermarket style with comfortable atmosphere, every respondent feels very good without other comment. However, Tesco Taiwan had warehouse style with different standard of shopping atmosphere, so some people felt bad but someone felt nice.

"Comparing both Tesco in the UK and Taiwan, they provide different feeling to me. Tesco Taiwan is like warehouse type (similar to Carrefour) but Tesco UK is supermarket style." (Respondent 12)

Finally, after discussing these perceptions of own brands in the UK and Taiwan, a main different factor between these two countries is "**trust**". Simply speaking, people trust the quality of own brand products in the UK so they would like to buy them, but in Taiwan they do not. Trust comes from cultural background and business environment, shopping habits and using experiences, and retail corporate brand images.

"Tesco brand is good, especially in the UK. I really want to trust Tesco Taiwan because of my UK's experience, but I've known its own-brand products are made in Taiwan, I don't believe the quality which is the same as in the UK. So, to sum up, I trust Tesco corporate brand but don't trust its own-brands made by Taiwan's original manufacturers." (Respondent 3)

After analysing the outcome of this study, a comparative review of Tesco UK and Taiwan which is summarised from respondents' perceptions is listed in Table 8.

Table 8: Comparative summary in Tesco UK and Taiwan

	Tesco UK	Tesco Taiwan
Own brand	• "low price", "budget" • "clear hierarchy" • "well-managed" • "trust" and "reliable"	• "nothing" • "cheap" • "poor quality" • "distrust"
Store brand	• Supermarket style with comfortable atmosphere	• warehouse style with different standard of shopping atmosphere
	• Focus on food selling • A professional food retailer	• Without any specific image, very similar to Carrefour and RT-Mart • Selling everything without any sense of professional on "something"
Corporate Brand images	• Clear and pure UK style	• Half Taiwan and half UK image • Unclear and fuzzy perceptions
Brand reliance and trust	• Reliable • Trust its quality and accept its products	• Reliance comes from UK experiences • Cannot trust its food products which are made in Taiwan
Relationships	• strong, systematic and organised	• poor, weak and almost nothing

Conclusions

The results of this study highlight the skills needed in the area of brand building where Tesco as a grocery retailer in Taiwan was relatively unknown amongst consumers despite selling recognizable grocery products.

Tesco Taiwan's brand image and positioning was unclear and not specific in comparison with its established positioning in the UK market. The key consumer issue is that of lack of trust due to the fact that insufficient retail brand building had taken place both in the Taiwanese market in general and specifically with Tesco given its minor presence in the market combined with in consumer terms a relatively short time in terms of market presence. The result in overall terms was that from a consumer perspective Tesco Taiwan was seen as very similar to other hypermarket players and lacking any distinctive differentiation from its stronger and longer established competitors.

In addition, from the retailer's perspective there were other published reasons which explain why Tesco failed in Taiwan such as better opportunities in other markets e.g. Europe, combined with inability to obtain economies of scale all key issues for a major retailer operating in international markets.

Therefore, in conclusion, Tesco retail branding models could be applied in the Taiwanese market but it highlights the need for more work in brand building to educate consumers to the benefits of retail brands which may be well established elsewhere but still need work with consumers in new undeveloped markets from the retail branding perspective.

Research Limitations and Implications

In terms of research limitations in this study the primary research was carried out in 2005/2006, so some general consumer perceptions of retail branding (i.e. non specific perceptions around Tesco Taiwan) will certainly have changed since then. Taiwanese consumers are likely to have more understanding in retail branding and are likely to accept retail own brand products more readily due to the presence of other key players such as Carrefour with significant market presence. This would represent a useful development of this exploratory study.

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