

The Evolution of Private Label Brands and the Adoption of Sustainability Concepts in Thailand's Retail Landscape

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Abstract

This study analyzes the development of private label (PL) brands and the growing incorporation of sustainability principles in Thailand's retail industry. Traditionally regarded as inexpensive substitutes for national brands, private labels have evolved into strategically distinct products marked by superior quality, innovation, and brand equity. This article conducts an analysis of the primary factors facilitating this change, based on an extensive review of academic literature, industry reports, and empirical data, including regulatory frameworks, evolving consumer behavior, and innovations in supply chain processes. Special emphasis is placed on the Thai retail environment as an emerging market, where sustainability has increasingly become a vital element of private label strategy. The results indicate that although consumer awareness of sustainability is increasing, real purchase behavior is limited by reasons including price sensitivity, perceived risk, and skepticism regarding sustainability assertions. The study highlights the importance of institutional support, technical innovation, and collaborative supply chain networks in advancing the creation of sustainable private label companies. This report enhances the literature by offering a comprehensive perspective on the various elements influencing sustained private label development in emerging economies. It also suggests avenues for future research, namely in examining culturally distinct consumption habits, the urban-rural split, and the impact of developing technology on improving transparency and customer participation. The report highlights sustainability as a vital strategic differentiation for private label businesses in Thailand's changing retail environment.

Keywords: Private label, Sustainability, Retail Strategy, Thailand

Introduction

The phenomenon of private label branding, often interchangeably referred to as store brands, retailer brands, or own brands, has evolved considerably since its inception, reflecting broader shifts in retailing paradigms, consumer preferences, and socio-economic contexts. Historically, private labels emerged primarily as low-cost substitutes to established national brands, targeting price-sensitive consumers with limited expectations regarding product quality or brand prestige (Calvo-Porrall & Levy-Mangin, 2014). This initial positioning was largely utilitarian, serving as a mechanism for retailers to enhance margin control and product assortment flexibility while competing on price rather than differentiation.

However, the past two decades have witnessed a paradigmatic shift in the conceptualization and strategic deployment of private label brands. Contemporary research underscores a progressive elevation in the perceived quality, innovation capacity, and brand equity of PLs, with sustainability increasingly occupying a central role in this evolution (Ndlovu & Heeralal, 2022; Mazumder, Mukherjee, & Ghosh, 2021). This shift is particularly salient in developed economies, where heightened environmental consciousness, stringent regulatory regimes, and sophisticated consumer segments have catalyzed the integration of sustainability attributes into PL offerings (Alic, Činjurević, & Agic, 2020).

Sustainable consumption, broadly defined as consumer behaviors that minimize negative environmental impacts and promote social equity, has emerged as a dominant force reshaping market dynamic (White, Habib, & Hardisty, 2019). Within this context, private label brands have transcended their traditional cost-based value proposition to embrace eco-labeling, organic certification, and circular economy principles, thereby enhancing their competitive positioning and resonating with the values of environmentally and socially conscious consumers (Calvo-Porrall & Levy-Mangin, 2016). The strategic incorporation of sustainability into PL branding not only satisfies evolving consumer demands but also aligns with regulatory imperatives and corporate social responsibility agendas, enabling retailers to differentiate their private labels in increasingly saturated and competitive marketplaces (Alic et al., 2020).

This article aims to review the extant literature on the evolution of private label brands with a particular emphasis on Thailand's retail sector, which offers a compelling case study of PL development

within an emerging market context. The review further explicates the recent integration of sustainability as a pivotal differentiator in Thai private label branding, examines the multifaceted drivers influencing this trajectory, and proposes potential directions for future studies.

The Historical and Contemporary Evolution of Private Label Brands in Thailand

Early Development: The Cost-Driven Origins (1990s–2010)

The genesis of private label brands in Thailand can be traced to the 1990s, coinciding with the entry and expansion of multinational retail chains such as Tesco Lotus and Big C. These retailers introduced Western-style private label concepts into the Thai market, primarily emphasizing cost leadership as the central competitive advantage (CP Group, 2023). During this formative period, PL products were generally perceived as lower-tier, generic alternatives to national brands, with consumer acceptance largely contingent upon price sensitivity rather than brand loyalty or quality expectations. This developmental pattern mirrored the initial stages of private label growth observed in other emerging Asian markets, where retail modernization was nascent, and consumer trust in PLs was limited (Ndlovu & Heeralal, 2022).

Quality Enhancement and Health-Conscious Differentiation (2011–2019)

The subsequent decade marked a critical inflection point characterized by a strategic reorientation towards quality enhancement and health-oriented product innovation. A landmark development was the 2016 introduction of the Thailand Healthier Choice logo (THCL), a voluntary front-of-pack labeling scheme designed to facilitate consumer recognition of healthier food options. This regulatory initiative catalyzed retailers to diversify their private label portfolios into tiered architectures encompassing economy-tier essentials, mid-range quality-equivalent products, and premium health-focused lines bearing THCL certification (Ngoc et al., 2023).

The Sustainability Era: Integration and Innovation (2020–Present)

The latest phase in the evolution of private label (PL) branding in Thailand is characterized by the strategic incorporation of sustainability as a core element. Retailers are adopting diverse and innovative methods to integrate environmental and social responsibility into their PL offerings, reflecting a broader shift toward sustainable consumerism. 7-Eleven Thailand has launched a sustainable store concept that exemplifies this approach. The initiative includes the use of upcycled packaging materials for private label snacks, significantly reducing plastic waste and reinforcing the brand's sustainability credentials. This program demonstrates how circular design can be effectively integrated into retail operations (CPALL, 2023).

Multidimensional Drivers of Sustainable Private Label Brand Development

The development of sustainability-oriented private label brands is influenced by a complex interplay of regulatory, consumer, and supply chain factors. These drivers operate synergistically and sometimes in tension, shaping the trajectory of PL evolution in emerging markets such as Thailand.

Regulatory Catalysts and Institutional Pressures

Governmental bodies further incentivize sustainable innovation through financial mechanisms, including tax breaks and subsidies for research and development in eco-friendly packaging and production methods (Thailand Board of Investment, 2023). Institutionally, these regulatory pressures align with the broader global sustainability agenda, including the United Nations Sustainable Development Goals (SDGs), which emphasize responsible consumption and production (United Nations, 2024). Retailers operating within this institutional environment are increasingly compelled to integrate sustainability into their business models, not only to comply with regulations but also to meet stakeholder expectations and mitigate reputational risks (Sharma, 2020).

Consumer Behavioral Dynamics and Cultural Context

Consumer demand represents a critical driver of sustainable PL brand development. Empirical evidence from Thailand reveals that a significant majority of urban consumers express a preference for eco-labeled products when selecting private labels (Kasikorn Research Center, 2021). The premium pricing of organic and eco-certified PL products presents a significant barrier to mass-market adoption in price-conscious emerging markets (Kasikorn Research Center, 2021). Furthermore, consumer skepticism

regarding the authenticity of sustainability claims, often fueled by perceptions of greenwashing, undermines trust and inhibits purchase intention (Calvo-Porrall & Levy-Mangin, 2016).

Supply Chain Innovation and Collaborative Networks

Operationalizing sustainability in private label offerings necessitates innovations across the supply chain. Retailers increasingly engage in collaborative networks to reduce environmental impacts and improve transparency. Technological innovations such as blockchain have been deployed to enhance traceability and consumer trust. CP Group's palm oil traceability system exemplifies this trend, enabling end-to-end verification of sustainable sourcing and production practices (CP Group, 2023).

Understanding Sustainable Private Label Development

The multidimensional nature of sustainable private label brand development can be conceptualized through several theoretical lenses that integrate consumer behavior, firm strategy, and institutional influences.

Customer-Based Brand Equity (CBBE) Framework

Keller's (1993) CBBE model remains foundational in understanding how brand equity is constructed through brand awareness, perceived quality, brand associations, and brand loyalty. In the context of sustainable PLs, sustainability attributes increasingly contribute to these dimensions by enhancing perceived quality and fostering positive brand associations related to environmental responsibility and ethical conduct (Calvo-Porrall & Levy-Mangin, 2014). Empirical studies demonstrate that consumer trust in sustainability claims significantly mediates the relationship between perceived quality and purchase intention for PL brands (Mazumder et al., 2021; Calvo-Porrall & Levy-Mangin, 2016). Thus, sustainability functions as a critical brand equity driver, influencing consumer attitudes and loyalty.

Attitude-Behavior and Risk Perception Models

The attitude-behavior framework explains the psychological processes underpinning sustainable consumption decisions. Consumers' attitudes toward PL sustainability, moderated by perceived risk and price consciousness, shape their purchase intentions (Mazumder et al., 2021). Perceived risk—encompassing concerns about product quality, authenticity, and greenwashing—negatively impacts willingness to buy sustainable PLs (Kasikorn Research Center, 2021). This framework highlights the importance of credible communication and certification to mitigate risk perceptions and bridge the attitude-behavior gap (Alic et al., 2020).

Sustainable Business Model Innovation

From a firm-level perspective, the sustainable business model (SBM) concept explicates how organizations create, deliver, and capture value while simultaneously addressing economic, social, and environmental goals (Bocken, Short, Rana, & Evans, 2014; Sharma, 2020). Retailers' adoption of SBM principles involves reconfiguring product development, supply chains, and marketing to embed sustainability into PL brand propositions. This approach aligns with calls for business models that are purpose-driven and operate within planetary boundaries, fostering long-term resilience and stakeholder value (Boons & Lüdeke-Freund, 2013; Bocken et al., 2014).

Benefits of Sustainable Private Labels for Retailers, Consumers, and Other Stakeholders

Private label brands, initially introduced as low-cost alternatives to national brands, have evolved into strategic assets that confer a wide range of benefits to multiple stakeholders within the retail ecosystem. These benefits are particularly salient in emerging markets such as Thailand, where modern retail formats are rapidly expanding, and consumer preferences are evolving.

Benefits for Retailers

For retailers, private labels offer enhanced profit margins and greater control over pricing and supply chains. This is largely due to reduced marketing and distribution costs compared to national brands (Beacom, E., & Bergin, 2024; Kelly, Seubsman, Banwell, Dixon, & Sleigh, 2015). The resulting margin advantage allows retailers to reinvest in product innovation and sustainability initiatives, such as developing organic or eco-friendly private label lines. This financial flexibility is crucial in maintaining competitiveness and responding to evolving consumer demands.

Private labels also serve as a key tool for differentiation and brand equity building. By curating unique product assortments, retailers can foster stronger store loyalty and enhance their overall brand image (Alic et al., 2020). In Thailand, where consumers are increasingly health-conscious and environmentally aware, the development of sustainable and health-oriented private label products enables retailers to tap into niche markets and align with broader societal trends (Kasikorn Research Center, 2024).

Moreover, private labels provide retailers with greater supply chain flexibility and opportunities for innovation. With direct control over production, retailers can implement advanced practices such as sustainable sourcing, traceability systems, and circular economy models. These innovations not only improve operational efficiency but also contribute to better environmental performance (CP Group, 2023).

Benefits for Consumers

Private label products offer a range of significant benefits for consumers, particularly in emerging markets like Thailand, where affordability and access to quality goods are key concerns. One of the most immediate advantages is cost savings. Private labels typically provide lower prices than comparable national brands, delivering strong value for money without sacrificing quality. As the quality of private label products continues to improve, they become increasingly attractive to price-sensitive consumers (Beacom & Bergin, 2024; Kelly et al., 2015).

Beyond affordability, private labels contribute to greater product diversity and innovation. The expansion of private label portfolios now includes a wide array of health-focused and environmentally sustainable options. Consumers can access innovative offerings such as organic foods, plant-based alternatives, and products with eco-friendly packaging, which were once limited to premium national brands (Kasikorn Research Center, 2021). This diversification empowers consumers to make choices that align with their personal values and lifestyle preferences.

Health and nutrition are also central to the evolving role of private labels. Many retailers have adopted front-of-package nutrition labeling schemes, such as Thailand's Healthier Choice logo (THCL), to guide consumers toward healthier options. These labels help promote informed decision-making and support broader public health goals by encouraging the consumption of nutritionally balanced products (Ngoc et al., 2023).

Finally, private labels are fostering greater trust and transparency in the retail space. As retailers invest in traceability systems and third-party certifications—such as organic labels or carbon footprint indicators—consumers gain increased confidence in the authenticity and sustainability of the products they purchase. These efforts help bridge the common attitude-behavior gap in green consumption, where consumers express concern for the environment but struggle to act on it consistently (Calvo-Porrall & Levy-Mangin, 2016; CP Group, 2023).

Benefits for Other Stakeholders

Private label development also brings substantial benefits to a broader set of stakeholders beyond retailers and consumers, including suppliers, society, and public institutions. These impacts are particularly meaningful in emerging markets like Thailand, where inclusive economic growth and sustainable development are national priorities. For suppliers and producers, especially small and medium enterprises (SMEs), private label partnerships offer stable, volume-driven orders that can provide a reliable source of income. These collaborations often require suppliers to upgrade their production capabilities to meet retailer standards, which can lead to long-term improvements in quality and efficiency (Beacom & Bergin, 2024).

At the societal and environmental level, sustainable private label products play a vital role in advancing environmental goals. These products help reduce carbon footprints, minimize plastic waste, and promote organic farming practices, aligning with national and global sustainability agendas (CPALL, 2023). In addition, socially responsible private label initiatives—such as charitable product lines and community support programs—generate positive social externalities by reinvesting in local communities and supporting vulnerable populations (CP Group, 2023).

Public health and food safety authorities also benefit from the evolution of private labels. As retailers reformulate products and adopt clearer nutrition labeling, such as Thailand's Healthier Choice logo, they support governmental efforts to improve population health and uphold food safety standards. These developments contribute to healthier dietary habits, potentially reducing the burden on public

healthcare systems and aligning with national health promotion strategies (Kantamaturapoj & Marshall, 2020; Ngoc et al., 2023).

Conclusion

The Thai private label market serves as a microcosm of the global evolution of PL brands, illustrating the transition from price-centric, generic products to nuanced, sustainability-infused offerings that respond to complex consumer, regulatory, and supply chain dynamics. Consumer behavior presents a paradox: while awareness and concern for sustainability are high, actual purchasing behavior lags due to price sensitivity, skepticism, and risk perceptions. Bridging this attitude-behavior gap requires transparent communication, credible third-party certifications, and culturally resonant marketing strategies that leverage local values. Supply chain innovations, including collaborative logistics networks and blockchain-enabled traceability, demonstrate the operational feasibility of sustainable PL brands.

Looking ahead, future research should aim to deepen the understanding of how cultural values and norms shape sustainable consumption behaviors. It should also investigate the disparities in private label adoption between urban and rural areas, shedding light on access, awareness, and purchasing power differences. Additionally, examining the impact of regional trade agreements and regulatory harmonization on the growth and standardization of sustainable private labels could offer valuable insights. Finally, exploring the role of emerging technologies, such as artificial intelligence, in enhancing supply chain transparency and fostering more meaningful consumer engagement will be crucial for advancing sustainable retail practices.

This review has discussed the multifaceted evolution of private label brands, with a particular emphasis on Thailand's emergent sustainability-oriented PL landscape. The conclusion underscores the critical importance of sustainability as a viable differentiator that aligns with evolving consumer values and regulatory frameworks.

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