

**American University Kyiv**

A Capstone Project

VERTICAL INTEGRATION AND BRAND DIFFERENTIATION:  
A STRATEGIC FRAMEWORK FOR PRIVATE LABEL OF ELECTRIC BLANKETS  
IN OMNICHANNEL RETAIL

ВЕРТИКАЛЬНА ІНТЕГРАЦІЯ ТА ДИФЕРЕНЦІАЦІЯ БРЕНДУ:  
СТРАТЕГІЯ ДЛЯ ВЛАСНОЇ ТОРГОВОЇ МАРКИ ЕЛЕКТРИЧНИХ КОВДР У  
ОМНІКАНАЛЬНОМУ РІТЕЙЛІ

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## ABSTRACT

Capstone investigates the strategic development of a vertically integrated Private Label (PL) within the Ukrainian electro-textile category, focusing on brand differentiation and omnichannel efficiency. The purpose of this study is to formulate a resilient market-entry framework that leverages localized agility to bypass the “commoditization trap” among global horizontal competitors. The relevance of the chosen topic is underscored by the structural volatility of the Individual Heating Electronics, especially Electric Blankets, which catalyzed a shift from a concentrated monopolistic baseline toward a highly competitive and multi-polar market. This transition created a distinctive “supply-side vacuum” for specialized heating solutions that prioritize verified technical reliability over traditional brand heritage.

To ensure both strategic depth and statistical foundation, the study employs a mixed-methods approach. In order to create a data-driven hierarchy of technical requirements, a primary consumer survey and a longitudinal analysis of market share evolution over 2021 - 2025 fiscal cycles carried out, as quantitative analysis. SWOT and Ansoff Matrix are two examples of strategic analytical frameworks that used in qualitative analysis to assess the competitive environment and create a customized business plan, as a part for Differentiation strategy.

The primary contribution of this work is to design a Private Label Implementation Plan. This framework integrates vertical sourcing with business model innovations, including installment-based ownership programs and seasonal risk-mitigation trials. This strategic approach provides a scalable model for establishing the Private Label as a “trust bridge” between high-priced legacy manufacturers and low-quality generic disruptors, facilitating a sustainable rise to a leading market position.

*Keywords: Vertical Integration, Brand Differentiation, Private Label, Omnichannel Retail, Consumer Behavior, Seasonal Electronics, Individual Heating Devices, Electro-textiles, Electric Blankets, Commoditization trap.*

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## INTRODUCTION

In the contemporary retail landscape, market share has transitioned from a static asset to a dynamic variable, dictated by a sophisticated consumer calculus that balances technical reliability against specific price-to-utility ratios. Historically, the local electro-textile market was characterized by extreme concentration, following a “Dominant” model where a single legacy entity dictated technical benchmarks and pricing for the entire category. This state of equilibrium was eventually shattered by systemic regional shocks, which created a profound “supply-side vacuum”. The ensuing market vacuum allowed agile, utility-focused brands to intercept emerging demand, eventually leading to a state of hyper-fragmentation across recent fiscal cycles.

However, this change in the market brought with it a unique research issue: the “commoditization trap”. Global technology businesses have expanded their footprint through horizontal, outsourced manufacturing models, but they often overlook the specific maintenance and safety concerns that local communities have identified. In an omnichannel setting, the care-centric demographic - particularly those making purchases for children or elderly relatives - is being underserved due to the growing “trust gap” between expensive heritage competitors and low-quality generic challengers. There is a discernible “flight to quality” in the industry as a result of these customers' growing demands for technical transparency and verifiable safety certifications.

Developing a strategic framework for a vertically integrated Private Label (PL) that closes this trust gap is the purpose of this research. The company can prioritize proprietary technical specifications, like machine washability and smart safety sensors, which address the main issues raised by a majority of customers by securing the entire supply chain. In order to promote brand recognition among value-sensitive segments, the study also intends to develop a “Affordable Premium” entry strategy using innovative business models, such as installment-based ownership programs and seasonal risk-mitigation trials.

The capstone’s primary goal is to respond to the following central question: How can a vertically integrated Private Label utilize localized agility and business model innovation to secure a leading market position and bridge the trust gap in a fragmented omnichannel retail environment?

The importance of this study lies in its contribution to household resilience during energy instability, offering a scalable blueprint for brand differentiation in a commoditized market. By aligning the value proposition with both the technical and psychological needs of modern consumers, this research provides a technical and market-focused assessment of the electro-textile landscape.

# CHAPTER 1. VERTICAL INTEGRATION, BRAND DIFFERENTIATION, AND PRIVATE LABEL IN OMNICHANNEL RETAIL

The company's ability to establish and maintain a competitive advantage in the current environment of structural market instability is no longer just reliant on the volume of its output. Rather, a business localized agility and strategic placement within the value chain increasingly determine its competitive superiority. The complex interactions between integration strategies - more especially, the horizontal and vertical integrations - and their direct effects on brand differentiation in the omnichannel retail industry provides the scholarly groundwork for the creation of a vertically integrated Private Label (PL) by combining fundamental economic and management theories, such as Transaction Cost Economics (TCE), the Resource-Based View (RBV), and Signaling Theory.

## 1.1 Vertical and Horizontal Integration

Corporate integration strategies serve as the foundational blueprints that define company's operational boundaries and market influence. The strategic decision to expand horizontally or integrate vertically fundamentally dictates how an organization manages transaction costs, controls quality, and mitigates external friction.

A company that expands its operations at the same level of the value chain is claimed to be engaging in horizontal integration. This is usually accomplished by acquiring direct competitors or diversifying its product offerings into related market niches. Realizing economies of scale, increasing market strength, and leveraging existing brand value across new categories are the main goals. Horizontal companies can frequently set pricing standards and outspend dispersed rivals in marketing by concentrating their market dominance.

However, horizontal expansion frequently introduces a significant vulnerability known as the scale paradox. While horizontal models allow for rapid market penetration - often through outsourced, standardized manufacturing - they inherently lead to a dilution of technical specialization. Porter warns that companies relying strictly on horizontal scale without embedding distinct, proprietary differentiation risk falling into a severe "commoditization trap" [1]. In this scenario, the "minimum viable price point" becomes the sole driver of acquisition, eroding profit margins and stifling the innovation required to solve highly specific consumer frustrations, such as the need for specialized thermal safety sensors or machine-washable architectures.

Conversely, vertical integration entails a companies strategic expansion into distinctly different stages of its own supply, production, and distribution chain. This paradigm encompasses backward integration (moving upstream toward raw material sourcing and manufacturing control) and forward integration (moving downstream toward direct consumer touchpoints and omnichannel retail).

The theoretical justification for this approach is deeply rooted in Oliver Williamson's Transaction Cost Economics (TCE), which posits that a company's boundaries are determined by the costs of conducting market transactions [2]. When market frictions - such as unreliable external suppliers or the inability of third-party factories to adhere to strict safety certifications - become prohibitive, companies are economically incentivized to internalize these functions to reduce uncertainty.

Beyond risk mitigation, vertical integration acts as an engine for value creation by fostering unique organizational capabilities. According to the Resource-Based View (RBV) articulated by Wernerfelt and Barney, sustained competitive advantage is achieved by cultivating internal resources and core competencies that are exceedingly difficult for competitors to replicate [3], [4]. For a Private Label, vertically integrating the manufacturing process transforms specific technical standards into proprietary assets. Furthermore, Richardson emphasizes that this integration enables a "time-based" competitive advantage [5]. By owning the supply chain, the firm gains the specialized agility required to pivot product architecture rapidly in response to localized market shocks, an operational velocity that decentralized horizontal competitors structurally lack.

Finally, vertical control directly addresses the information asymmetry described in Akerlof's "Market for Lemons" [6]. By overseeing the entire production process, the integrated company can confidently provide the visual proof and high-resolution technical data required to signal premium quality to the consumer, thereby bridging the trust gap that plagues fragmented markets.

## **1.2 Brand Differentiation**

Recognizing the critical need for differentiation requires addressing the inherent limitations of pure cost leadership in unstable industries. Businesses typically seek competitive advantage through either overall cost leadership or distinctive uniqueness, according to Michael Porter's basic paradigm. Global horizontal conglomerates frequently use enormous economies of scale to control costs, but specialized, local market entrants face structural risks when using this strategy [1].

When a specialized brand attempts to compete solely by offering the lowest price against expanding horizontal giants, it risks falling into what is commonly termed the "commoditization trap". In this paradigm, the product is stripped of all unique identity, and consumer loyalty remains entirely transactional. D'Aveni argues that in hypercompetitive environments, relying on generic cost advantages makes a firm highly susceptible to immediate substitution by the next low-cost entrant [7]. This trap is especially dangerous for specialized household products where safety is crucial. High-end safety features and technical durability are often sacrificed in the name of relentless cost-cutting. As a result, a strategic shift toward value-driven differentiation is necessary for sustainable market entry. This involves developing a product and brand narrative that consumers find particularly valuable, which justifies a strategic price premium and cultivates enduring loyalty.

Differentiation cannot exist merely as a superficial marketing construct; it must be anchored in verifiable operational superiority. The Resource-Based View (RBV), originated by Wernerfelt and expanded into a comprehensive framework by Barney, provides the theoretical scaffolding for this operational reality [3], [4]. The RBV posits that sustained competitive advantage is derived from internal capabilities and resources that are highly valuable, exceedingly rare, and difficult for competitors to imitate.

When strategic supply chain integration results in exclusive technological standards, an electro-textile brand may truly differentiate itself. Advanced features, including fully machine-washable designs or highly calibrated smart auto-shutoff sensors, are still incredibly uncommon in entry-level segments, even though basic heating functionality is industry commonplace. By addressing these cutting-edge requirements as essential exclusive resources, the brand sets itself apart with observable, useful dependability. The ability to quickly create goods that are specifically tailored for localized settings, including regional energy instability, is unique to vertically integrated firms. Rigid, decentralized horizontal competitors find it difficult to match this operational adaptability, which acts as a significant competitive differentiation.

The imperative for differentiation is further compounded by the dynamics of modern omnichannel retail. As Brynjolfsson, Hu, and Rahman note, the omnichannel environment blurs the lines between physical and digital shopping, requiring brands to maintain absolute consistency in how quality is communicated across all touchpoints [8]. When consumers purchase technical products online, they face a severe “Safety-Trust Paradox” because they cannot physically inspect internal safety components, feel the fabric quality, or independently verify electrical certifications prior to purchase.

This environment perfectly illustrates the concept of information asymmetry. Akerlof’s foundational “Market for Lemons” theory demonstrates that when buyers cannot clearly distinguish between a high-quality product and a dangerous, low-quality market fragment, they inherently assume higher risk [6]. If unmitigated, this leads to an adverse selection scenario where consumers refuse to pay premium prices, ultimately driving high-quality goods out of the market entirely.

To effectively combat this phenomenon, the differentiated brand must aggressively utilize Signaling Theory. Originally developed by Spence in the context of labor markets and later adapted to consumer brand equity by Erdem and Swait, this theory suggests that brands must transmit credible “signals” of unobservable quality to consumers [9], [10]. Because a newly established brand cannot rely on century-old legacy heritage, it must signal its premium nature through exhaustive information transparency. High-fidelity omnichannel content - comprising rigorous technical descriptions, visual proof of quality control, and transparent safety certifications - functions as this critical premium signal. By fulfilling the demands of modern users who require visual proof before committing to a purchase, the

brand differentiates itself not just through its physical product, but through its role as a transparent, authoritative information provider.

Ultimately, differentiation in a volatile economic context must extend beyond product specifications and marketing signals to encompass the entirety of the consumer's transactional experience. A true “trust bridge” connects the consumer's physical need for technical reliability with their economic need for fiscal security.

This synthesis aligns with Vargo and Lusch’s Service-Dominant Logic, which suggests that value is co-created with the consumer through applied specialized knowledge and services, rather than simply through the exchange of static goods [11]. Furthermore, Keller emphasizes that Customer-Based Brand Equity is built when a brand satisfies both functional and psychological consumer needs [12]. While legacy brands differentiate primarily through prestige and high price barriers, a modern challenger brand can differentiate through accessibility and risk mitigation.

The business must determine a clear course for revenue growth after establishing its structural base (Vertical Integration) and assessing its strategic positioning (SWOT). For this trajectory, the Ansoff Matrix offers a four-quadrant framework that is divided into categories based on the target market and the product's originality.

**Market Penetration (Existing Products / Existing Markets):** This is the lowest-risk vector, focusing on increasing the market share of current products within the existing consumer base. A vertically integrated company might execute this by deploying innovative omnichannel marketing campaigns that highlight its proprietary safety features, systematically drawing customers away from fragmented, “no-name” competitors.

**Product Development (New Products / Existing Markets):** This vector leverages the companies integrated manufacturing agility. Because the company controls its production lines, it can rapidly engineer new iterations of its core products tailored to its current audience. For example, upgrading standard thermal textiles to include USB-C power banks or multi-zone heating capabilities directly addresses the evolving frustrations of its existing demographic without the friction of negotiating with external factories.

**Market Development (Existing Products / New Markets):** Here, the company seeks entirely new consumer segments or geographic territories for its current offerings. A Private Label might utilize its proven technical reliability to pivot from direct-to-consumer retail into B2B sectors, providing durable, safety-certified gear to professional logistics teams or the hospitality industry.

**Diversification (New Products / New Markets):** This is the highest-risk, highest-reward strategy. It requires the company to utilize its core competencies (e.g., supply chain mastery, quality control) to enter completely adjacent industries. For an electro-textile company, this might involve developing

advanced, medical-grade compression wraps for the healthcare sector, fundamentally hedging against the seasonal volatility of the consumer retail market [26].

### **1.3 Private Label**

To understand the strategic utility of the Private Label, it is necessary to trace its evolution. Early store brands operated under the presumption that a portion of the market will always sacrifice quality in favor of affordability, relying almost entirely on price undercutting. However, Kabadayi and Price note that private label strategies have matured significantly, moving away from simple imitation toward genuine innovation [13]. Today, PLs command record market shares across diverse product categories, driven by sophisticated supply chain management and targeted consumer alignment [14].

This evolution is fundamentally rooted in a shift in general private label attitudes. Giakoumaki and Baltas demonstrate that modern consumers do not inherently view PLs as inferior; rather, their purchase intentions are heavily influenced by cumulative satisfaction and category-specific risk [15]. Therefore, when a retailer invests in proprietary technical standards - such as specialized smart-safety sensors in household electro-textiles - they successfully elevate the PL from a generic commodity to an exclusive brand asset. Legacy national brands must reconsider their own performance metrics as a result of this strategic elevation since they now stand up against unique, superior competitors who are integrated into the retail infrastructure rather than just price alternatives [16].

A primary hurdle in leveraging a Private Label for differentiation is the initial consumer skepticism regarding unbranded or newly established products, particularly in technical categories where safety is paramount. Overcoming these entrenched quality perceptions requires deliberate and transparent brand signaling [17].

In the digital and omnichannel space, this signaling must be aggressive. When consumers are unable to physically inspect a product, their perception of risk increases exponentially [18]. To combat this, differentiated Private Labels must utilize high-fidelity brand information to drive online purchase decisions. Trachtman, Van Dop, and Villas-Boas emphasize that comprehensive digital brand information - including transparent technical specifications and visual proof of safety certifications - acts as a critical proxy for physical inspection [19].

Furthermore, the very architecture of the product's presentation plays a role in this differentiation strategy. Raghubir and Krishna highlight how packaging and product type influences consumer perceptions, suggesting that a Private Label can signal premium quality simply by adopting sophisticated aesthetic and structural design elements [20]. By mastering these digital and physical touchpoints, retail practitioners can effectively build trust in Private Labels online, transforming the brand from a risky unknown into a verified, reliable solution for the household [21].

Differentiation through a Private Label allows company to innovate not just the physical product, but the entire transactional model. Because the retailer owns the PL, they possess the localized agility to adapt to consumer needs far faster than decentralized, horizontal competitors.

In a volatile economic environment, differentiating a Private Label through transactional empathy - such as implementing “Use-and-Return” trial periods or specialized installment plans - directly addresses the fiscal well-being of the consumer. This level of service integration proves that the brand is not merely attempting to maximize transactional volume, but is actively participating in household resilience. Ultimately, the retailer reclaims ownership of the customer relationship, leveraging their proprietary Private Label to dictate the terms of competition within their specific market [22].

## CHAPTER 2. ELECTRIC BLANKETS AS A TRENDING CATEGORY IN INDIVIDUAL HEATING DEVICES

The seasonal electronics, which include both the cooling and heating devices, are one of the most important for personal comfort and health. Traditionally, the dynamics of sales shift between seasons according to the weather and temperature, but nowadays, due to the economic and geopolitical situations, sales can be sky-high or drop down.

Cooling devices are more sophisticated and technological. The individual usage is almost impossible, because of the big sizes and features, e.g., air conditioners, connection to the ventilation system, and strong dependence on the powerful source of electricity, and since those features, the area of usage is bigger than an individual one. The fans, as a traditional category, are included in the cooling devices, which use technology to blow the wind, but not actually to cool the building.

Heating devices also have both, the complex and unsophisticated devices. The different dependence of the source of electricity and high technological progress makes the usage public or individual, accordingly. In public usage, the large-sized devices that connect to the electricity are ACs and space heaters with radiators, heater fans, ceramic, and infrared heaters. A traditional “device” is a fireplace, but it no longer works effectively in comparison to the sophisticated electric and user-friendly devices. In individual usage, the compact size and portability of devices are advantages, they can connect to a power bank or a standard source of electricity. They are electric rugs and carpets, electric pads, different forms and sizes, e.g., electric pads for neck, for back, for feet, for hands, pocket-sized, electric sheets, and electric blankets.

Not all European countries have central heating systems in buildings, but those that have are struggling with prices for maintaining such systems. Especially when the prices recently started to rise [23]. Countries like Germany, e.g., because of the high price to maintain the household, tend to turn down or even turn off the temperature in the apartment. A larger global shift toward decentralized, efficiency-driven consumption is highlighted by the growing popularity of individual heating devices. Traditional heating systems have become less practical in high-cost energy contexts due to their high cost, which has led to a shift toward technologies that provide localized thermal distribution. In a time of global energy uncertainty, this “heat-as-needed” paradigm offers a robust substitute for the systemic inefficiencies of centralized heating by enabling a precise link between energy usage and individual utility.

The quick turn in demand in Ukraine happened when the full-scale invasion started. The war with electricity shortages and shutdowns affected people’s habits and daily routine, so demand for the category of heating devices started to rise, but among the traditional wall plug devices, the individual ones, like electric blankets, began to be in trend.

## 2.1 Electric blankets as part of heating electronics

Seasonal electronics, as a big category including two divisions: heating and cooling electronics. As long as cooling electronics are very dependent on the prices and stock of goods, the weather and hot temperatures are key variables in customer demand. The heating electronics is a more stable and predictable subcategory.

The Ukrainian retail sector for cooling electronics faced a profound disruption in 2022 to 2021 (-34%), where systemic uncertainty separated consumer demand from price and stock availability. This “demand vacuum” necessitated a strategic pivot for retailers. Following a rebound in 2023 (+7% 2023 to 2022) and a period of horizontal stabilization and growth in 2024 (+31% 2024 to 2023), the 2025 (+12% 2025 to 2024) market is currently exhibiting signs of organic growth. The need for a robust strategic framework that takes into consideration the extreme volatility and subsequent normalization of the omnichannel retail landscape is highlighted by this four-year cycle (Figure 1).

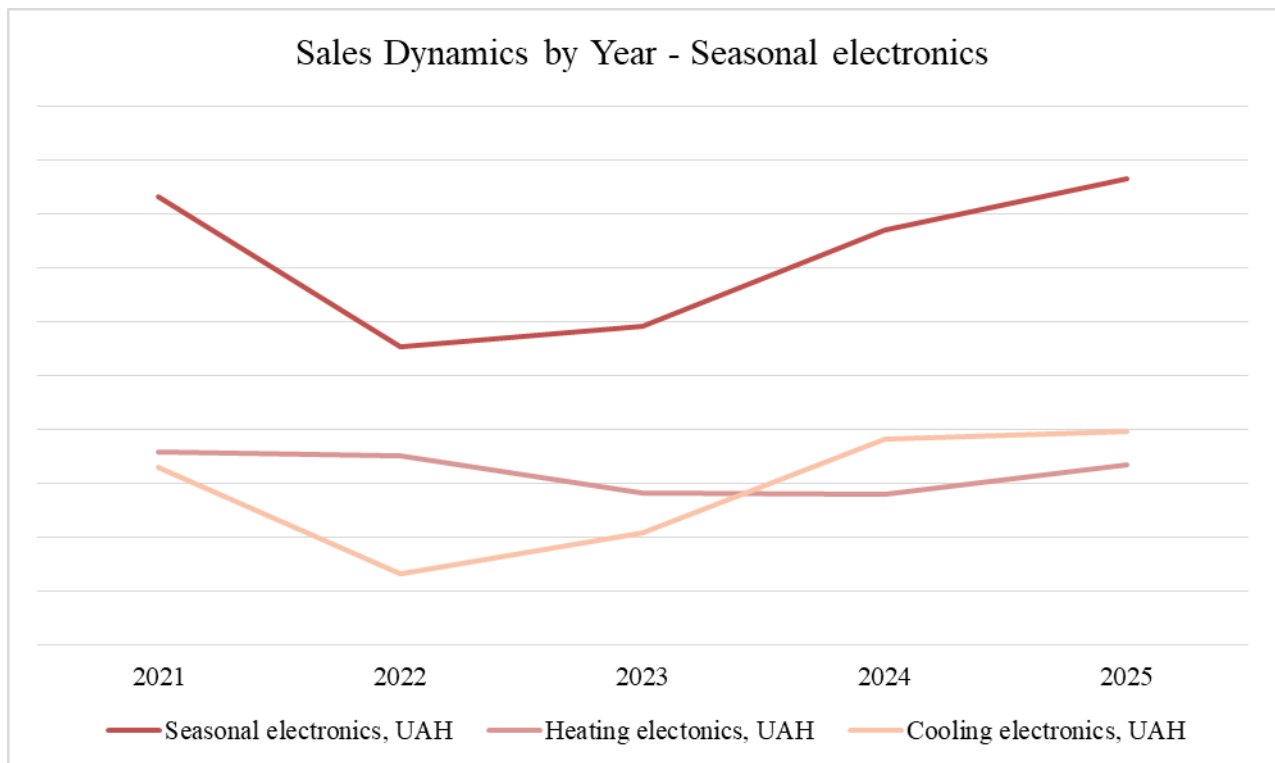


Figure 1. Sales Dynamics by Year in Seasonal Electronics

Source: Author’s calculations based on confidential company data (NDA-protected)

The heating electronics have demonstrated a notable degree of resilience compared to cooling electronics since 2021. Despite a brief decline in the years between, an analysis of longitudinal sales data shows that the heating industry remained relatively stable from 2021 to 2025. Two different perspectives can be used to examine the 2023 contraction: supply-chain volatility and market saturation. High-velocity

demand for entry-level products resulted in widespread stock-outs, artificially capping potential sales. On the other hand, high household penetration rates established during the 2021 and 2022 surges directly contributed to the decline in middle and high segments. By 2025, sales volumes were horizontally aligned with 2021 performance metrics, indicating the restoration of market balance (Figure 1).

The individual heating electronics industry with wide range of electro-textile applications, which is divided into three main functional segments. Products categorization includes electric sheets (under-blankets), which are used for base-layer heat retention; comprehensive electric blankets (over-blankets); and localized electric heating pads, which are intended for targeted thermal application. Within the electro-textile market, each segment represents a unique sub-vertical that calls for unique supply chain management and technical requirements for energy efficiency and safety.

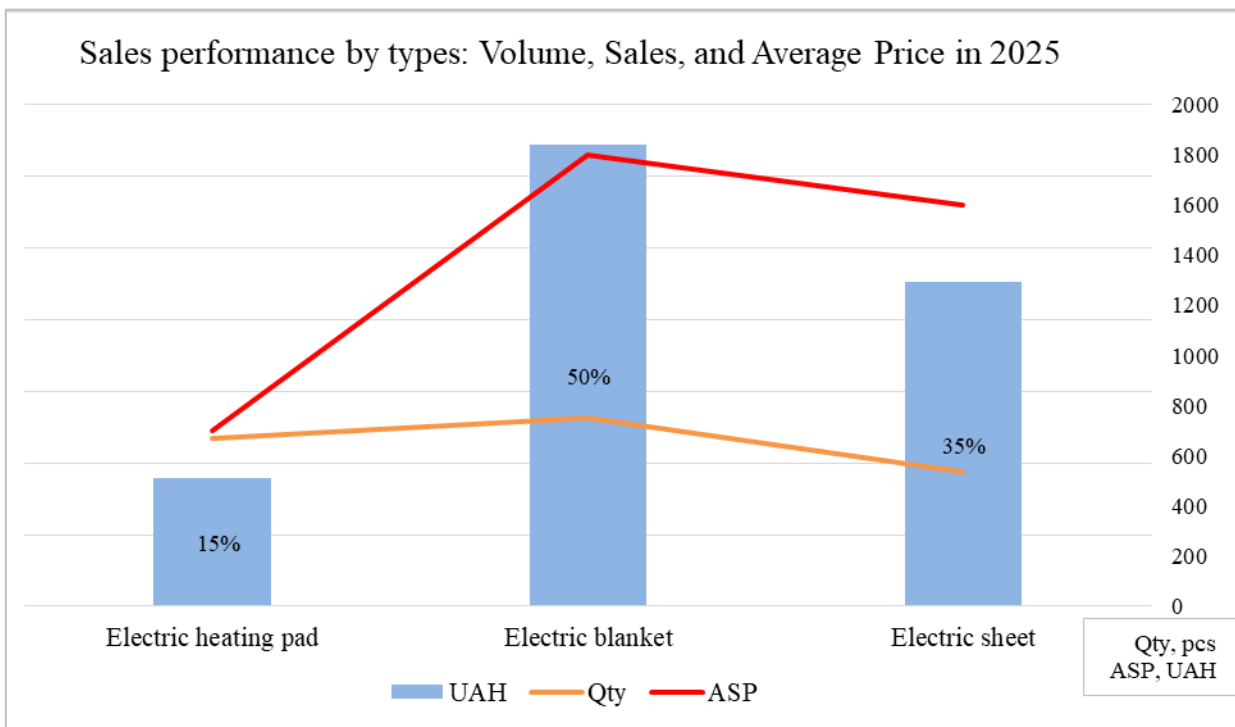


Figure 2. Sales performance by types of Electro-textile

Source: Author's calculations based on confidential company data (NDA-protected)

The 2025 sales performance metrics across the three primary electro-textile sub-categories: electric heating pads, electric blankets, and electric sheets. The data reveals a significant revenue concentration within the electric blanket segment, which accounts for 50% of the total category turnover (UAH). While electric sheets maintain a substantial secondary position at 35%, the heating pad segment remains a niche contributor at 15%. A critical observation is the positive correlation between Average Selling Price (ASP) and revenue contribution; the electric blanket segment commands the highest ASP, suggesting that consumer demand in this category is driven by value-added features rather than purely by price sensitivity (Figure 2).

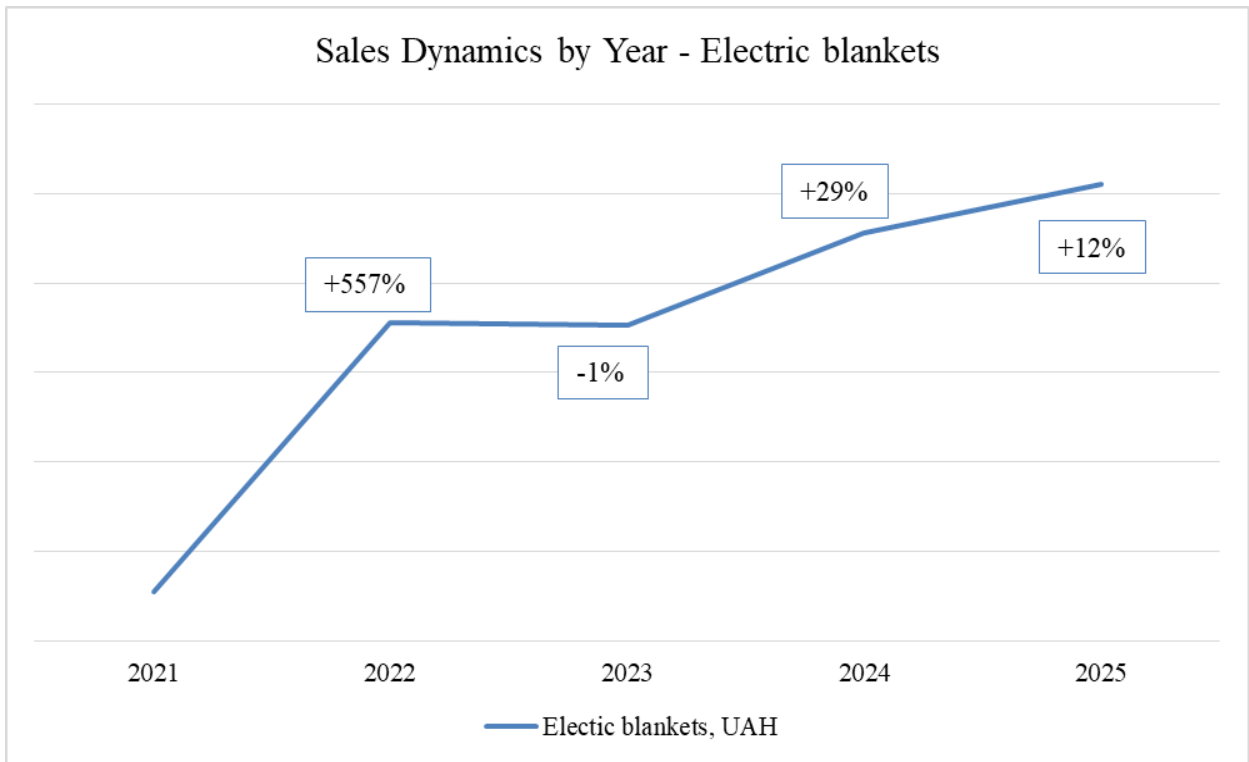


Figure 3. Sales Dynamics by Year in Electric blankets

Source: Author's calculations based on confidential company data (NDA-protected)

When the market's trajectory from 2021 to the present is quantified, 2022 shows a notable turning point with a 557% year-over-year (YoY) increase. This growth rate indicates that individual heating devices, electric blankets, are being adopted at a rapid pace. This category has shown incredible resilience, sustaining a steady linear growth profile even after some retail sectors stabilized after 2022. This shows that the market has progressed past the “Early Adopter” stage and is now attracting a wider range of customers, confirming its position as the main growth engine in the omnichannel retail framework (Figure 3).

While the electric blanket category traditionally exhibits high intra-annual variance, with a standard peak season spanning from September to January, with 85% share of sales, the data identifies a significant temporal anomaly. During the observed period, the category experienced an unprecedented ‘off-season’ surge, with the demand cycle initiating as early as the summer months only in 2022. This atypical spike represents a departure from historical benchmarks, indicating that external socio-political factors overrode traditional climate-driven triggers, effectively extending the commercial window and altering the established seasonality index for the category (Appendix A).

The electric blanket category has transitioned from a niche segment to a high-growth and trend market category, exhibiting a significant upward trajectory in both search volume and sell-through rates.

This change is mainly explained by two factors: first, an apparent spike in category literacy as consumers learn more about the effectiveness of localized thermal solutions; and second, the significant influence of the ongoing full-scale invasion. A proactive move toward individual heating autonomy has been sparked by anticipatory anxiety about the stability of centralized heating systems, which has resulted in a high level of market volatility.

### **2.1 Brand positioning and differentiation of electric blankets. Pricing**

A fundamental shift from an emergent niche to a state of increased competitive intensity has been brought about by the electric blanket category's explosive growth. Initially characterized by low rivalry and significant growth potential, the segment's minimal barriers to entry invited a swift influx of secondary market entrants and generic replications, often referred to as “copycat” competitors.

Significant market fragmentation and downward pricing pressure are the results of this structural shift toward an established, fiercely competitive arena. This development marks a turning point at which merely having a presence in the market is no longer a useful advantage. As a result, the business environment now demands a strong differentiation strategy that uses vertical integration to prevent category commoditization and protect long-term brand equity in the increasingly crowded omnichannel ecosystem.

Appendix B illustrates the longitudinal pricing trajectory in average prices in sales across a diverse competitive landscape, highlighting a clear segmentation strategy. Between 2021 and 2022, price jumps high because of a full-scale invasion at the beginning of 2022, and inflation picked up pace in Q3 and Q4 of 2022, more 25% [24]. Beurer consistently anchors the premium tier, exhibiting a steady price appreciation that peaked near 3,500 UAH in 2025. This reflects high brand equity and a low sensitivity to the price volatility affecting lower tiers. Conversely, Esperanza represents the economy segment, maintaining price points below the 1,000 UAH threshold. This stark contrast between Beurer and Esperanza defines the market's boundaries, leaving a significant ‘mid-tier’ opening. Brands like Xiaomi have strategically entered this middle ground (~2,000 UAH), leveraging their reputation for “affordable technology” to capture value-conscious but quality-seeking consumers.

The brand establisher of the whole electro-textile area is Beurer. The sales started long before 2021, it was the first brand on the market in Ukraine to introduce a new category for customers. Beurer is a German brand with a pricing strategy in the premium and ultra-premium segments with high safety standards and quality of goods, but with a lack of pricing elasticity. Entry price around 2,000 UAH (electric pad), top price near 7,000 UAH (electric blanket) in average price near 3,000 UAH.

Noveen and Sencor are the middle-tier segment brands, one with Polish roots and one with Japanese roots, accordingly. With a strategy to create a nice product for a nice price, they seamlessly educate customers to look up and to overcome the fear of buying and using the new device of individual

heating - electric blankets (Figure 4). Sensor's price (electric blanket): entry 1,100 UAH; top 3,000 UAH; average price near 1,500 UAH. Noveen's price (electric blanket): entry 1,300 UAH; top 2,700 UAH; average price near 1,900 UAH.

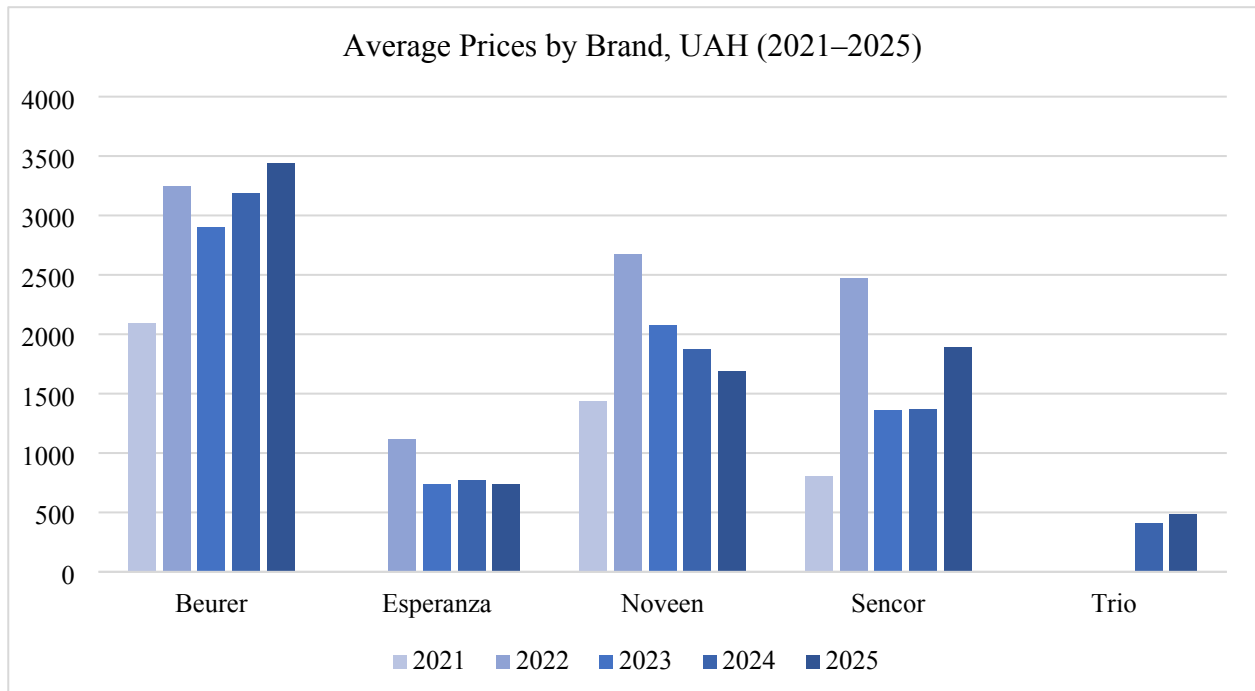


Figure 4. Average Prices Beurer, Esperanza, Noveen, Sencor, Trio; UAH (2021–2025)

Value-based segment anchored by brands such as Esperanza and Trio. Positioned at the lower extremity of the pricing corridor, these brands represent the entry-level threshold of the market. Esperanza maintains a consistent presence with a price point largely concentrated below the 1,000 UAH mark, while Trio demonstrates the entry of hyper-low-cost alternatives in the later years (2024 - 2025), with prices trending near 500 UAH. This segment highlights the high level of price sensitivity in the Ukrainian market (Figure 4).

Trio's price: entry (electric pad) near 200 UAH; top (electric blanket) 1,200 UAH; average price 500 UAH. Esperanza's price: entry (electric pad) 600 UAH; top (electric blanket) 1,100 UAH; average price near 850 UAH.

A granular look at Sogo's performance provides a compelling case study in aggressive margin capture. Between 2024 and 2025, Sogo's average price surged from approximately 800 UAH to over 2,800 UAH - a nearly 250% increase. This shift suggests a transition from an entry-level penetration strategy to a high-margin harvesting phase. Similarly, ETA, Gallet and Xiaomi have maintained prices in the 1,500 - 2,500 UAH corridor. For the strategic framework, these brands represent the "High-Margin Copycat" segment: they utilize existing consumer education and high demand to command prices that

may not reflect traditional brand heritage, but rather the current scarcity premium of the market (Figure 5).

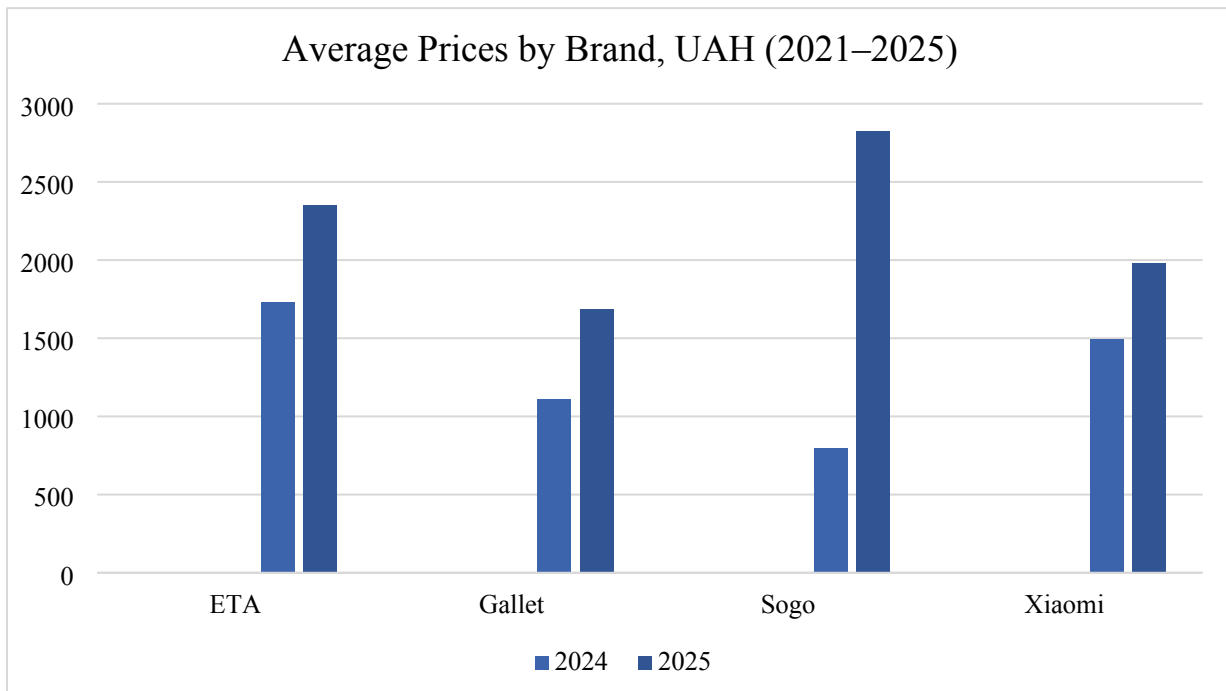


Figure 5. Average Prices ETA, Gallet, Sogo, Xiaomi; UAH (2024–2025)

One classic example of market asymmetry is Xiaomi's entry into the individual heating category. Although this “small pond” has long been occupied by well-known brands like Beurer or up-and-coming companies like Trio or Esperanza, the entry of a global “big fish” like Xiaomi changes the market from a specialized textile niche to an ecosystem-driven tech vertical. While Xiaomi is a well-known brand with good quality of goods, they are often a horizontal player (outsourcing manufacturing for many ecosystem products). A vertically integrated private label can win by being more agile and specialized - adapting specifically to the Ukrainian energy context (e.g., battery-optimized blankets for blackouts) faster than a global giant could.

### 2.1 Brand positioning and differentiation of electric blankets. Market share.

Structural evolution of market share of each brand provides evidence of a transition from a monopolistic structure to a highly fragmented and competitive landscape. While the 2021 baseline reveals a market with limited choices, the 2023 - 2025 period highlights the rise of secondary and entry-level brands.

Leader-Follower dynamic shifts to high competitive market. Moreover, while Beurer gives up its market position and shares, the other “no-name” brands appear on the market map. Beurer lose its share from 77,1% in 2021 to 32,9% in 2025, more than twice, but despite high competition and copycats alongside, its market position remains strong.

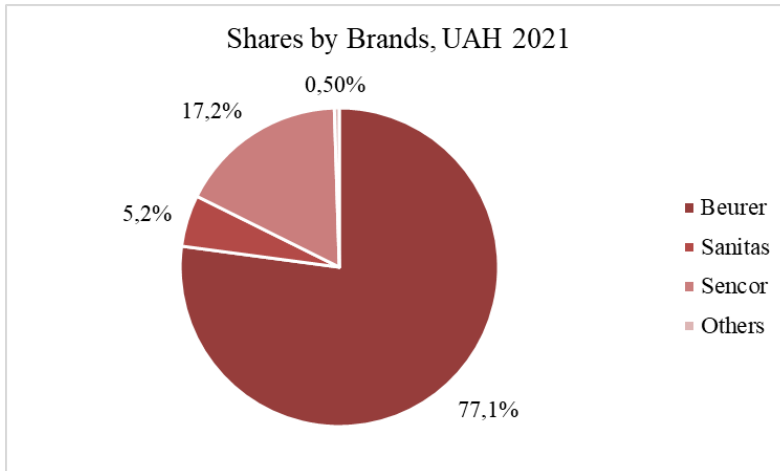


Figure 6. Share is sales by brands, UAH 2021

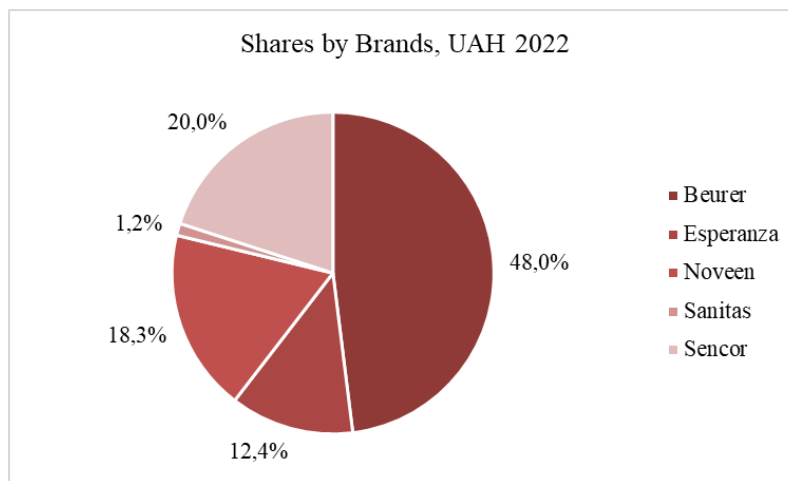


Figure 7. Share is sales by brands, UAH 2022

- “Dominant” model where the market leader dictates pricing, quality standards, and technological benchmarks for the entire category (Beurer 77.1%);
- “Pre-disruption” state of the market, which is characterized by extreme concentration and limited consumer choice (All brands);
- Negligible Market. The “Others” category (0.50%). This lack of fragmentation confirms that, during this baseline period, the individual heating category was a specialized niche rather than a mass-market retail vertical.
- “Supply-side vacuum”, marking the end of the monopolistic era and the beginning of a truly contested market (Decline of Beurer 48% (- 47% 22 to 21));
- “Secondary brands” on the rise. Consumer behavior shifts from brand loyalty based on heritage to utility based on availability;
- Transition to the multi-competitive model. (Sencor, Noveen, and Esperanza) combined share 50.7%. Shift demonstrates that the individual heating category became a high-rivalry environment overnight, providing the strategic “Proof of Concept” that the market was now ripe for a Private Label to enter and consolidate share amidst the fragmentation.

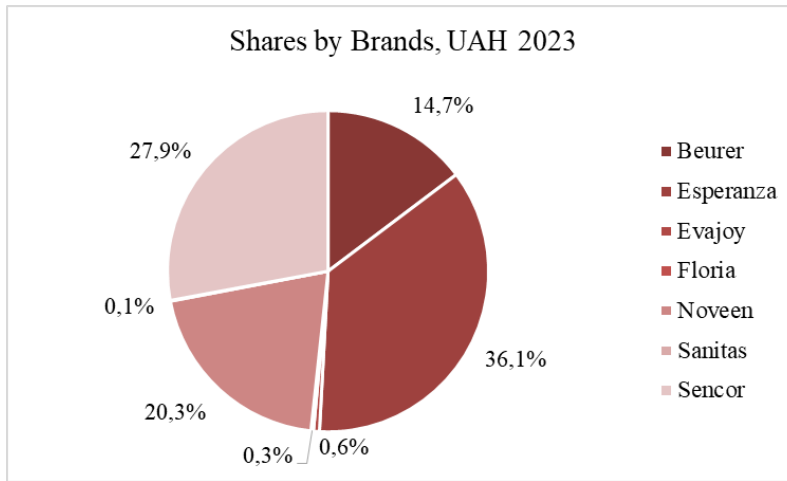


Figure 8. Share is sales by brands, UAH 2023

- The total displacement of Legacy Leadership (Strong decline of Beurer 14.7%);
- The adherence of the “Value-Driven Leader” - the minimum viable price point became the primary driver of market share acquisition (Esperanza 36.1%);
- Consolidation of the “Challenger Oligopoly”. Esperanza (36.1%), Sencor (27.9%), and Noveen (20.3%) - now control a combined 84.3%.

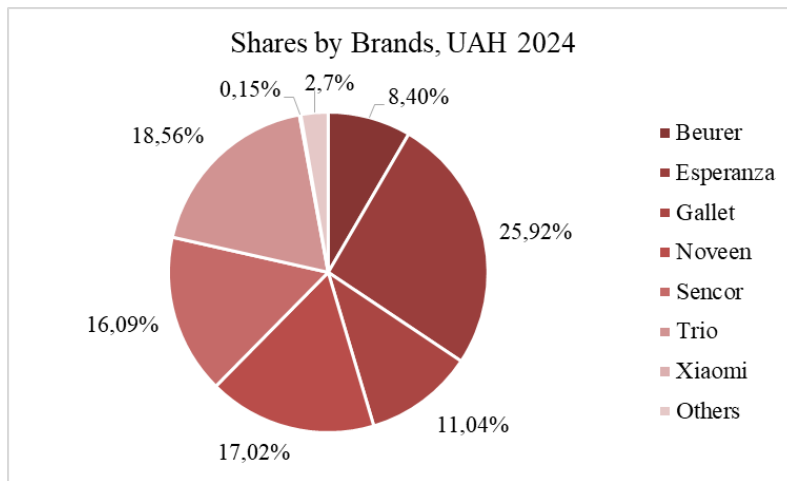


Figure 9. Share is sales by brands, UAH 2024

- The “Hyper-Value” disruptors rise. Trio (18.56%) and Gallet (11.04%) Consumer price elasticity has reached a point where even a small price advantage can trigger massive shifts in market share;
- Strategic Erosion of the 2023 Market Leaders. (Esperanza and Sencor decline);
- Moving from a luxury purchase to a utility-centric commodity (Beurer 8,4%);
- Entry of Xiaomi in new category.

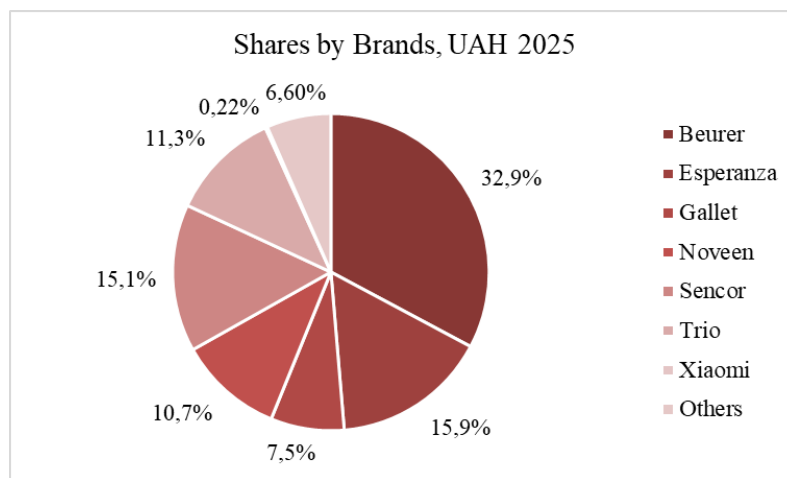


Figure 10. Share is sales by brands, UAH 2024

- Recovery of Premium Segment - long-term reliability and safety certifications (Rise of Beurer 32.9%);
- Correction of the Entry-Tier and market consolidation. (Decline of Trio 11.3% and Noveen 10.7%);
- The “Tech-Adjacent” vertical's establishment. Xiaomi doubled its presence, reaching a 6.60% share.

The Ukrainian market transitioned from a 2021 monopoly (Beurer 77.1%) to a mature multi-polar equilibrium by 2025. Systemic 2022 shocks created a “supply-side vacuum”, enabling value-leaders like Esperanza to capture plurality via the “minimum viable price point”. Subsequent hyper-fragmentation and tech-vertical entries like Xiaomi (6.6%) prove market share is now a dynamic variable determined by a price-to-utility calculus. Consequently, a vertically integrated Private Label offers a definitive advantage, utilizing localized agility to solve verified consumer pain points and consolidate share amidst fragmentation, effectively avoiding the “commoditization trap” of replicative followers.

The opportunistic value of this Private Label model for the consumer lies in its capacity to serve as a “trust bridge”, effectively closing the gap between high-priced legacy incumbents and low-quality generic disruptors. To predict the impact of this strategy, we must analyze the 2025 market composition:

- Premium Retention: The legacy leader, Beurer, currently holds a 32.9% share, catering to the “flight to quality” segment.
- The Challenger Tiers: A combined 67.1% of the market is currently held by secondary and entry-level brands such as Esperanza (15.9%), Sencor (15.1%), and Trio (11.3%).

If the Private Label strategy is executed with a focus on vertical integration and technical differentiation, the following market share rise is predicted:

Table 1. Forecasted Share Capture and Rise in Share

<b>Phase</b>	<b>Predicted Market Share</b>	<b>Primary Source of Share Acquisition</b>
Year 1 (Initial Entry)	10.5%	Capturing the 6.6% Xiaomi tech-adjacent share and 4% from declining secondary brands like Noveen or Gallet.
Year 2 (Consolidation)	18.2%	Displacing the 7.7% share from “no-name” fragments and capturing volume from the 15.9% Esperanza “Value-Leader” segment.

Within 24 months, this strategy projects a net increase of 18.2 percentage points from a zero-baseline. The Private Label can potentially reach a top-three market position, competing with established players like Sencor and Esperanza, by transforming the market segment that presently prioritizes utility but lacks premium safety and maintenance features (like machine washability). The “Big Fish” disruption that is currently reshaping the specialized textile niche and the consumer's shift toward availability-based utility both contribute to this rise.

## CHAPTER 3. THE STRATEGIC FRAMEWORK FOR PRIVATE LABEL DIFFERENTIATION IN ELECTRIC BLANKETS

Individual heating devices with the electric blankets category on top is on the high peak to market saturation. While the all-time leader still on the market, the other “abyss” of the brands is blurred. The market strongly need proven and trustworthy brand, with good content and understandable characteristic, with user friendly interface and nice appearance, with high quality safe protocols and timer, but also answering the customer demand and adapt to the electricity shortages or even blackouts in Ukraine. Customer need the brand, which them can trust and rely on. In the company hands with reliable and good services and with great expertise in electronics.

Consequently, the development of a exclusive Private Label (PL) forms a sustainable competitive advantage and a critical strategic differentiator within the individual heating device vertical.

In the current market environment, differentiation within the electric blanket category - which serves as the primary revenue engine with a 50% turnover share - has fundamentally pivoted from superficial aesthetic variety toward functional utility and operational reliability. The Private Label must use Vertical Integration to maintain its market position as the structural dominance of legacy incumbents continues its sharp decline, decreasing from a near-monopolistic 77.1% in 2021 to a fragmented state in 2025.

### 3.1 SWOT Analysis of electric blankets

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Vertical Integration Control</li> <li>• Agility in Context</li> <li>• Data-Driven Specification</li> <li>• Targeted Content Strategy</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Zero-Baseline Brand Awareness</li> <li>• Resource Intensity</li> <li>• Supply Chain Vulnerability</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Market Fragmentation Vacuum</li> <li>• Consumer Value Arbitrage</li> <li>• Gifting &amp; Demographic Alignment</li> <li>• Niche Specialization</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Resurgence of Legacy Incumbents</li> <li>• "Big Fish" Ecosystem Disruption</li> <li>• Hyper-Price Elasticity</li> </ul>

Figure 11. SWOT Analysis of electric blankets

The strategic viability of the proposed Private Label is anchored in its capacity to leverage vertical integration to exploit the structural hyper-fragmentation currently defining the Ukrainian electro-textile market. By prioritizing technical specifications that directly resolve verified consumer pain points - specifically machine washability (ranked as “most important” by 54.80% of respondents) and smart auto-shutoff safety protocols (highly prioritized by 38.70%) - the brand can effectively intercept the 51.6% of

consumers who have expressed a willingness to pay a premium for verified functional reliability (Appendix C). This localized agility allows the entity to bypass the “commoditization trap” of global horizontal players by engineering solutions specifically for the Ukrainian energy context, such as developing battery-optimized blankets for blackout conditions far more rapidly than decentralized global giants.

However, the implementation model must navigate significant internal weaknesses, primarily the absence of established brand equity in a landscape where the legacy leader, Beurer, has recently recovered to a 32.9% market share due to a consumer “flight to quality”. The external threat posed by “hyper-value” disruptors like Trio and ecosystem-driven tech giants like Xiaomi necessitates a robust information strategy to satisfy the 87.10% of users who demand extreme technical transparency and visual proof of quality before committing to a purchase. Ultimately, by positioning the Private Label as a “trust bridge” between high-priced legacy incumbents and low-quality generic fragments, the organization can mitigate these competitive risks and secure a predicted top-three market position within two fiscal cycles [25].

**3.2 Value and cost analysis of electric blankets**

The primary research phase involved a structured survey administered to a sample of under 50 respondents. The instrument consisted of 25 questions designed to probe the intersection of consumer demographics and technical requirements. The survey architecture was organized into the following thematic clusters:

- Demographic Profiling: Identification of the core “Caregiver” persona through age, gender, household status, and income level analysis (Figure 12).

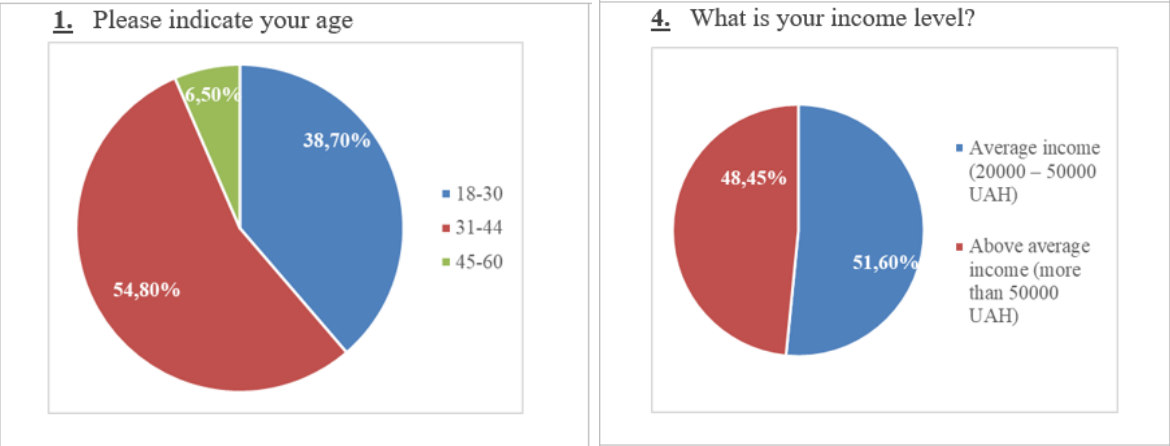


Figure 12. Demographic Distribution of Respondents by Age and Income Level

- Market Awareness & Engagement: Evaluation of current exposure to electric textiles and advertising reach within the home textile vertical (Figure 13).

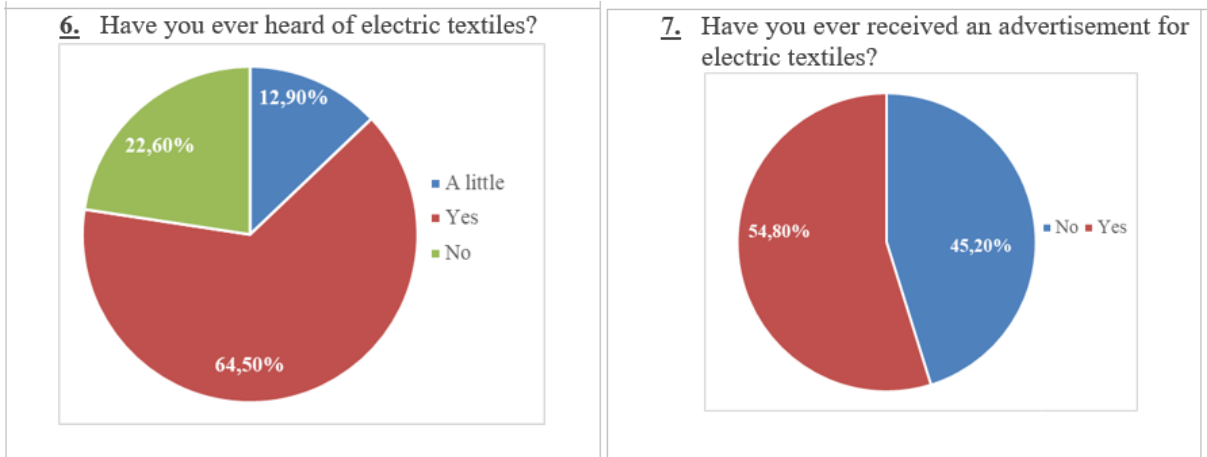


Figure 13. Market Awareness & Engagement current exposure of electric textiles

- Omnichannel Purchasing Behavior: Analysis of preferred shopping channels and critical decision-making factors for online acquisitions, such as content quality and social proof (Figure 14).

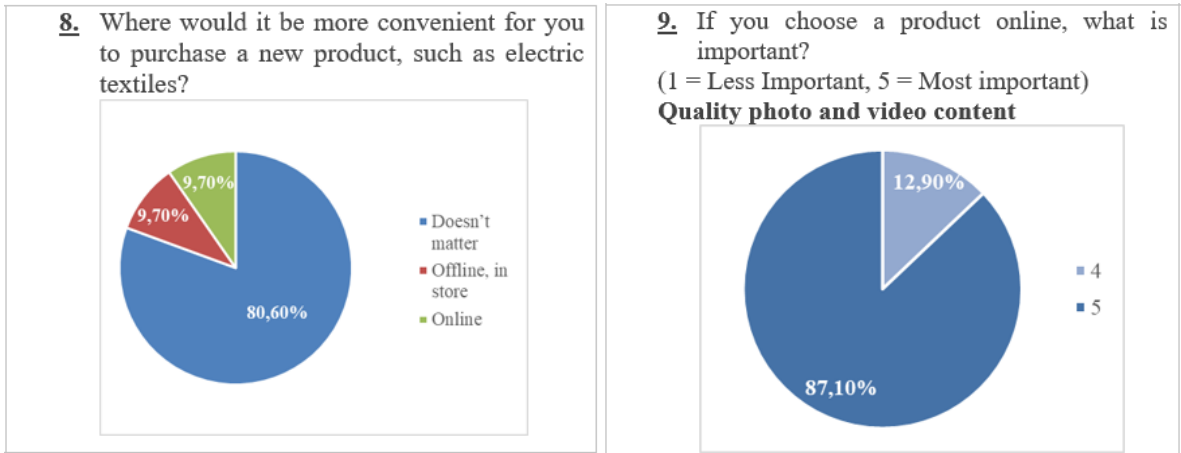


Figure 14. Shopping Preferences and Key Decision-Making Drivers for online acquisitions

- Operational Pain Points: Identification of specific frustrations regarding maintenance, portability, and safety concerns (Figure 15).

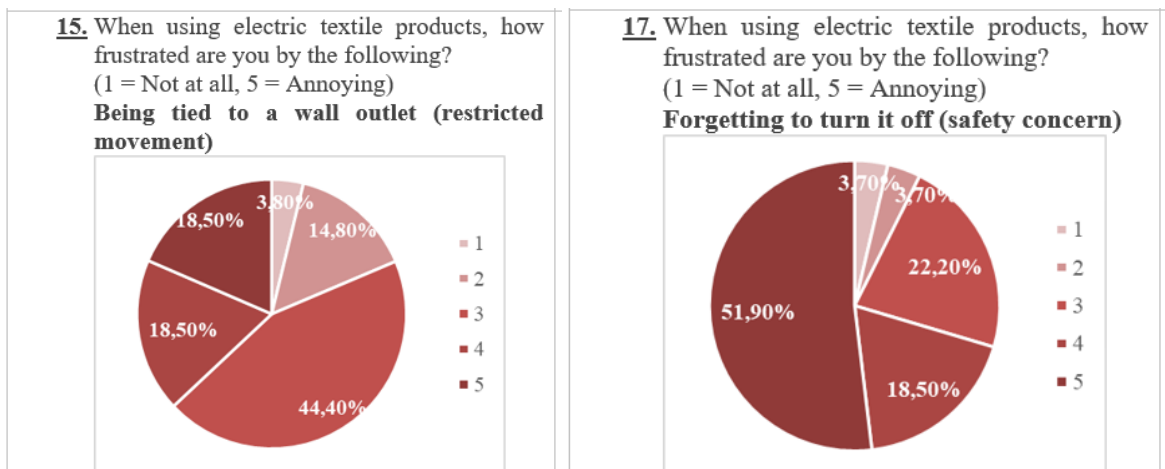


Figure 15. Operational Pain Point and frustration of safety and portability

- Technical Hierarchy & Price Sensitivity: Prioritization of innovation-driven features (e.g., smart timers and multi zone heating) and the measurement of consumer willingness to pay for premium attributes (Figure 16, 17).

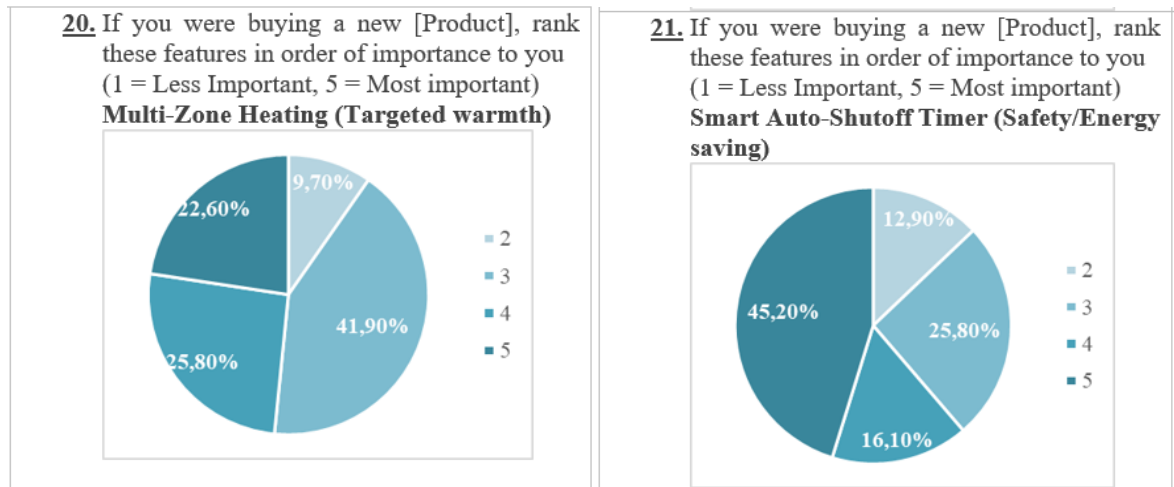


Figure 16. Technical innovation-driven features.

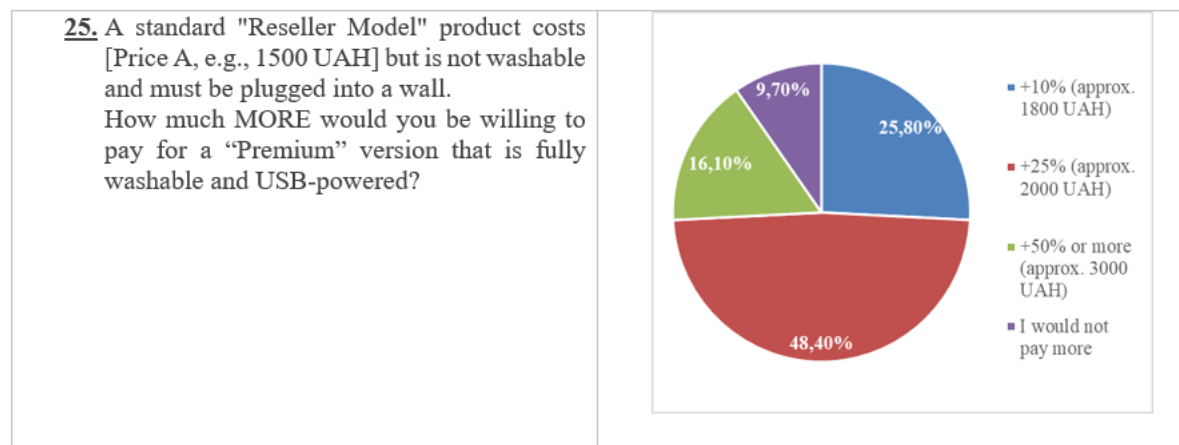


Figure 17. Price Sensitivity

The research utilized a quantitative methodology through the deployment of a structured online survey instrument. This approach facilitated the collection of objective, measurable data points across a diverse range of consumer sentiments.

Key methodological components included:

- **Measurement Scales:** The survey employed 5-point Likert scales (1 = Less Important to 5 = Most Important) to quantify the intensity of consumer preferences and the severity of operational frustrations.
- **Sample Selection:** Respondents were targeted to reflect active consumers in the Ukrainian retail market, focusing on those with the purchasing power and household responsibility to acquire individual heating devices.

- **Data Integrity:** Questions were designed to cross-reference general awareness with specific technical needs, ensuring that the resulting strategic framework - specifically the focus on vertical integration - is grounded in high-confidence consumer data.

Based on the survey data (Appendix C), the future private label strategy for electric blankets must pivot away from a generic “reseller” approach toward a feature-rich, content-driven model that addresses specific consumer pain points.

### 1. Target Demographic and Consumer Profile

The primary audience for this category is women (64.50%) aged 18 to 44, who represent 93.50% of the total respondent base. This demographic possesses strong purchasing power, with 48.45% reporting an above-average income of over 50,000 UAH.

- **Income Resilience:** A combined 100% of respondents earn above 20,000 UAH, with 48.45% occupying the “Above Average” bracket (>50,000\$ UAH).
- **Buying Frequency:** The majority (54.80%) purchase home textiles every 2 - 3 years, suggesting that the private label should focus on durability and long-term quality to match this replacement cycle.
- **Purchasing Intent:** While 29% buy for themselves, a combined 64.50% buy for others (children, elderly parents, or siblings), indicating that “gifting” and “family care” should be central marketing themes.

### 2. Critical Product Development Features

To differentiate the private label from current market competitors, the product must solve the top frustrations identified by consumers:

- **Hygiene and Maintenance:** Machine washability is the most critical feature, with 54.80% of respondents ranking it as the highest priority. Difficulty cleaning fabric was cited as a major annoyance by 37% of users.
- **Safety and Peace of Mind: Auto-Shutoff:** 38.70% rank this as a top-tier necessity, while 44.40% express high frustration (rank 5/5) over forgetting to deactivate their device. Safety certifications and smart timers act as a “psychological safety net”, especially for the 64.50% of consumers purchasing for children or elderly relatives.
- **Portability vs. Power:** While there is a desire for portability (51.60% ranking USB/Battery power as important), 93.50% still prefer a standard wall plug for its higher heating power. **Cost Caution:** While 37% are frustrated by outlet restrictions, only 6.50% currently prefer USB-C. The private label should likely offer a dual-power model or a high-performance wall-plug version as the core product.

### 3. Digital Marketing and Omnichannel Strategy

The survey indicates that traditional brand awareness is secondary to transparent, high-quality digital content.

- Content Requirements: 87.10% of respondents stated that high-quality photo/video content and detailed technical characteristics are “most important” when choosing a product online.
- Social Proof: Reviews and ratings are vital for 51.60% of the audience, suggesting that an aggressive review-collection strategy is necessary for new private label launches.
- Convenience: Since 80.60% of consumers claim that the purchase channel (online vs. offline) does not matter, a strong omnichannel presence with seamless stock availability is required.

### 4. Pricing and Market Positioning

The market is price-sensitive but willing to pay for tangible value.

- Premium Gap: While 48.40% are unwilling to pay more for a “premium” version, a significant 51.60% are willing to pay at least a 10% to 50% premium for washability and enhanced features. A staggering 83.9% of consumers are willing to pay a premium for a product that resolves maintenance and portability frustrations.
- Strategy: The private label should be positioned in the “Affordable Premium” tier - priced approximately 10% to 25% higher than basic reseller models while explicitly marketing the machine-washable and auto-shutoff features to justify the price gap.

### 5. Differentiation and special customer programs

The Value Cost Analysis proves that the Ukrainian consumer is currently in a “Flight to Quality”. While legacy brands maintain a price premium based on heritage, the Private Label can capture the 71% of consumers who prioritize technical descriptions and fair pricing over brand name alone. By investing in Vertical Integration to secure machine-washable tech and smart safety sensors, the organization can justify a 25% markup over current reseller models, maximizing both market share and net profitability.

The private label needs to apply business model innovations that promote long-term customer recognition, going beyond technical specifications. Recognizability is further reinforced by lowering the “barrier to entry” through two strategic consumer programs, even though 87.1% of consumers demand technical transparency.

“Rent-to-Buy” (Incremental Ownership): Customers acquire the product via monthly installments, essentially a low-interest credit model. Addresses the 48.40% Mass Market segment that is value-sensitive but willing to pay a 10% premium for quality.

“Use-and-Return” (Risk-Free Trial): A 5% service premium allows customers to test the product for up to 3 months, with an option to return it in good condition. Directly mitigates the safety concerns of the 44.4% of users who fear technical failure and the 64.5% of “Caregivers” buying for others.

The implementation of “Rent-to-Buy” and “Use-and-Return” programs represents a definitive shift toward a Service-Oriented Private Label. By securing the supply chain through Vertical Integration, the organization can absorb the operational costs of these programs while maintaining margins that horizontal competitors like Xiaomi cannot match. This strategy ensures the brand is recognized as a market leader that prioritizes customer utility over transactional volume, facilitating our predicted rise to an 18.2% market share within two fiscal cycles.

### 3.4 The Ansoff Matrix for the Private Label of Electric Blankets

	Product	
Market	<b>Market penetration</b> <ul style="list-style-type: none"> <li>✓ Competitive Absorption</li> <li>✓ Financial Innovation: “Rent-to-Buy” program</li> <li>✓ Share Consolidation</li> </ul>	<b>Product development</b> <ul style="list-style-type: none"> <li>✓ Technical Superiority</li> <li>✓ Contextual Engineering</li> <li>✓ Risk Arbitrage: “Use-and-Return” program</li> </ul>
	<b>Market development</b> <ul style="list-style-type: none"> <li>✓ The Caregiver Segment</li> <li>✓ Omnichannel Scaling</li> <li>✓ B2B Infrastructure</li> </ul>	<b>Diversification</b> <ul style="list-style-type: none"> <li>✓ Professional Outdoor Gear</li> <li>✓ Smart Interior Infrastructure</li> </ul>

Figure 18. The Ansoff Matrix for the Private Label of Electric Blankets

#### Market Penetration

The goal of this vector is to displace entry-level disruptors and current “Value-Leader” incumbents in the Ukrainian individual heating market.

- **Competitive Absorption:** Target the capture of market share from declining secondary brands like Noveen (10.7%) and Trio (11.3%) by offering a superior price-to-utility ratio.
- **Financial Innovation:** Implement the “Rent-to-Buy” program to lower the barrier for the 51.60% of consumers in the average income bracket (20,000–50,000 UAH).
- **Share Consolidation:** Leverage the “supply-side vacuum” to move from a 0% baseline toward the predicted 10.5% Year 1 share.

#### Product Development

- **Technical Superiority:** Developing the machine-washable architecture demanded by 54.80% of respondents and the smart auto-shutoff safety protocols prioritized by 38.70%.

- Contextual Engineering: Creating battery-optimized textiles specifically for the Ukrainian energy context (blackouts), providing a level of specialization global horizontal giants like Xiaomi cannot replicate.
- Risk Arbitrage: Introducing the “Use-and-Return” program with a 5% service premium to capture the 64.50% of consumers purchasing for children or elderly relatives who demand guaranteed reliability.

#### Market Development

- The Caregiver Segment: Specifically targeting the 64.50% “female caregiver” demographic through trust-based narratives that emphasize safety certifications over simple heating utility.
- Omnichannel Scaling: Exploiting the 80.60% channel neutrality of consumers to expand from digital-first to a nationwide offline retail presence.
- B2B Infrastructure: Marketing battery-powered heating solutions to institutional emergency relief and hospitality sectors during power instability.

#### Diversification

- Professional Outdoor Gear: Leveraging the Ukrainian energy context, diversify into high-durability gear for professional use in extreme conditions. Battery-powered heated vests and seat covers for logistics, construction, or field operations.
- Smart Interior Infrastructure: Moving from “portable textiles” to “integrated building components” represents a shift into the property technology sector. Integrated heated floor mats or thermal wall panels for temporary shelters or modular housing.

In conclusion, the Ansoff Matrix framework serves as the strategic blueprint for the Private Label’s expansion within the volatile Ukrainian individual heating sector. By navigating from Market Penetration - systematically displacing entry-level disruptors through the “Rent-to-Buy” model - to aggressive Product Development, the organization directly addresses the 54.80% consumer demand for machine-washable fabrics and the 44.40% priority for smart auto-shutoff safety protocols. Furthermore, Market Development specifically targets the 64.50% “Caregiver” demographic, while Diversification into Professional Outdoor Gear or Smart Interior Infrastructure provides a necessary hedge against the seasonal volatility that currently dictates 50% of category turnover . Ultimately, this multi-vector growth strategy, underpinned by vertical integration, allows the Private Label to bypass the “commoditization trap” and secure the predicted 18.2% market share by transforming a seasonal commodity into a trusted, specialized thermal service [26].

### 3.4 Implementation Plan for the Private Label of Electric Blankets

The goal of this 12-month implementation plan is to transform the retail organization from a reseller model into a vertically integrated private label (PL) powerhouse. This plan places a high priority on agility and the consumer pain points found in recent research, particularly machine washability and safety features, high durability and sophisticated technological solution given the structural change of the Ukrainian market.

Table 1. 12-Month Implementation Roadmap

Phase	Timeline	Key Activities
Phase 1: Strategic Sourcing	Months 1–2 (November - December)	Finalize technical aspects based on survey data (Wall plug vs. USB) or additional sources; initial audit of potential partners.
Phase 2: Product Development	Months 3–4 (January – February)	Prototyping; rigorous testing of washable fabric durability; safety certification (CE/UA).
Phase 3: Supply Chain & Logistics	Months 5–8 (March – June)	Mass production; quality control inspections; transit to Ukrainian warehouses.
Phase 4: Go-to-Market strategy & Content Creation	Months 9–10 (July - August)	Production of high-quality video/photo content; pre-order campaign; SEO optimization; targeted messaging.
Phase 5: Market Entry & Analysis	Months 11–12 (September – October)	Official launch; review collection; real-time sales analytics and inventory re-balancing.

	January	February	March	April	May	June	July	August	September	October	November	December
<b>Phases</b>												
<b>Strategic Sourcing</b>												
<b>Product Development</b>												
<b>Supply Chain &amp; Logistics</b>												
<b>Go-to-Market &amp; Content</b>												
<b>Market Entry &amp; Analysis</b>												
<b>Seasonality, Average share</b>	👉 9%	👇 5%	👇 2%	👇 3%	👇 1%	👇 0%	👇 1%	👇 3%	👉 11%	👆 34%	👉 18%	👉 14%

Figure 19. Timeline for Implementation Roadmap

### Option 1: Direct Chinese Manufacturer

Strategic Goal: Volume leadership and aggressive margin capture through economies of scale.

- Months 1 - 3: Sourcing & Customization. Identify Tier-1 manufacturers in Ningbo or Dongguan. Focus on high-wattage standard wall-plug models (93.5% preference) with integrated smart auto-shutoff.
- Months 4 - 7: Mass Production & Sea/Rail Freight. Account for longer lead times (45 - 60 days). Focus on Unit Cost Optimization to compete with hyper-low-cost disruptors like Trio.
- Months 8 - 12: Inventory Buffer Strategy. Build high stock levels by Month 8 to survive the “Summer Spike” anomaly seen in the 2022–2024 data cycles.
- Key Advantage: Lowest COGS (Cost of Goods Sold), allowing for a high-margin “Affordable Premium” positioning.
- Risk: Higher geopolitical logistic risks and larger Minimum Order Quantities (MOQs).

### Option 2: European Electro-textile Manufacturer

Strategic Goal: Brand differentiation through “Premium EU Quality” and supply chain resilience.

- Months 1 - 3: Near-Sourcing & R&D. Partner with a manufacturer in Poland, Turkey, or Italy. Focus on high-end, breathable fabrics and superior aesthetic options (16.1% importance).
- Months 4 - 6: Agile Prototyping. Faster feedback loops for technical adjustments, specifically targeting the frustration of “cold spots” (33.4% frustration rate).
- Months 7 - 9: JIT (Just-in-Time) Logistics. Shorter lead times (7 - 14 days) allow for lower initial warehouse costs and the ability to pivot stock based on sudden energy infrastructure news.
- Months 10 - 12: Premium Positioning. Market the product as a “gift of care” for elderly parents (25.8% target) and children (6.5% target).
- Key Advantage: Superior brand trust and lower carbon footprint; faster response to the “Anticipatory Anxiety” sales triggers.
- Risk: Higher unit costs, potentially limiting the audience to the 48.45% of consumers with above-average income.

This dual-option plan allows the entity to choose between a defensive volume strategy (China) or an offensive differentiation strategy (Europe) to capture the market share currently being vacated by the de-concentration of legacy leaders. It guarantees that the Private Label is a strategically grounded asset that can navigate both the high-volume value valleys and the high-margin premium peaks of the contemporary omnichannel landscape, rather than just another replicative brand.

## CONCLUSION

The strategic development of a vertically integrated Private Label (PL) within the Ukrainian electro-textile sector represents a proactive response to a period of unprecedented structural volatility. This capstone has demonstrated that between 2021 and 2025, the market underwent a fundamental metamorphosis, transitioning from a monopolistic baseline dominated by a single legacy brand (Beurer at 77.1%) to a multi-polar equilibrium characterized by hyper-fragmentation and high price elasticity. This evolution created a “supply-side vacuum” that fundamentally altered consumer heuristics, shifting the primary driver of market acquisition from brand heritage to technical utility and availability-based reliability.

The empirical research conducted for this study provides a definitive mandate for the proposed strategic framework, moving beyond theoretical assumptions to ground the Private Label’s (PL) viability in verified consumer behavior. Central to this viability is a clear Consumer Value Arbitrage, with analysis indicating that 83.9% of consumers are willing to pay a premium over standard reseller models, provided the product effectively resolves critical maintenance and safety pain points. This willingness to pay is inextricably linked to a specific Technical Hierarchy of needs; consumer utility is currently anchored in two non-negotiable features: machine washability (prioritized by 54.80%) and smart auto-shutoff protocols (prioritized by 38.70%). Because these attributes are significantly underserved in the current entry-level market, the PL has a unique opportunity to capture share by solving functional frustrations that incumbents ignore.

Furthermore, the strategic positioning of the brand must account for a distinct Demographic Alignment; the identification of a “Caregiver” persona - where 64.50% of buyers purchase for others rather than themselves - highlights that the Private Label must be marketed as a “trust bridge”. In this care-centric context, the brand cannot function as a mere commodity but must instead project a narrative of safety and reliability to satisfy the high stakes of the purchaser. This trust is reinforced through a strict Information Priority, as 87.10% of users in the omnichannel environment demand high-quality technical descriptions and visual proof of quality before committing to a purchase. Collectively, these data points validate the necessity of a content-driven marketing moat, ensuring that the vertically integrated Private Label survives hyper-fragmentation by aligning its value proposition with the technical and psychological demands of the modern consumer.

The proposed framework moves beyond traditional retail models by integrating Vertical Sourcing with Business Model Innovation. By implementing “Rent-to-Buy” and seasonal “Use-and-Return” programs, the organization can effectively navigate the high income-to-value sensitivity of the Ukrainian market. These programs, combined with localized agility to solve unique energy-context challenges (e.g.,

battery-optimized textiles), allow the Private Label to bypass the “commoditization trap” that marginalizes global horizontal giants.

Based on the predictive market analysis, the successful execution of this strategy is forecasted to achieve a 10.5% market share within Year 1, rising to a consolidated 18.2% by Year 2. This would effectively position the Private Label as a top-three market leader, rivaling established incumbents like Sencor and Esperanza. Ultimately, this capstone concludes that in a landscape of persistent disruption, the only sustainable competitive advantage lies in the ability to deliver technical reliability and financial empathy through a specialized, vertically integrated value chain.

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**APPENDIX A. SEASONALITY**

Table A.1 Share in sales by month

	January	February	March	April	May	June	July	August	September	October	November	December
2021	9%	8%	2%	3%	1%	0%	0%	1%	17%	33%	12%	15%
2022	9%	3%	1%	2%	1%	1%	2%	11%	25%	21%	14%	10%
2023	7%	3%	2%	3%	1%	1%	1%	1%	4%	32%	27%	18%
2024	14%	4%	3%	2%	1%	0%	1%	1%	3%	34%	23%	15%
2025	5%	6%	2%	4%	1%	0%	0%	1%	6%	48%	13%	13%
<b>Average share</b>	<b>9%</b>	<b>5%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>3%</b>	<b>11%</b>	<b>34%</b>	<b>18%</b>	<b>14%</b>

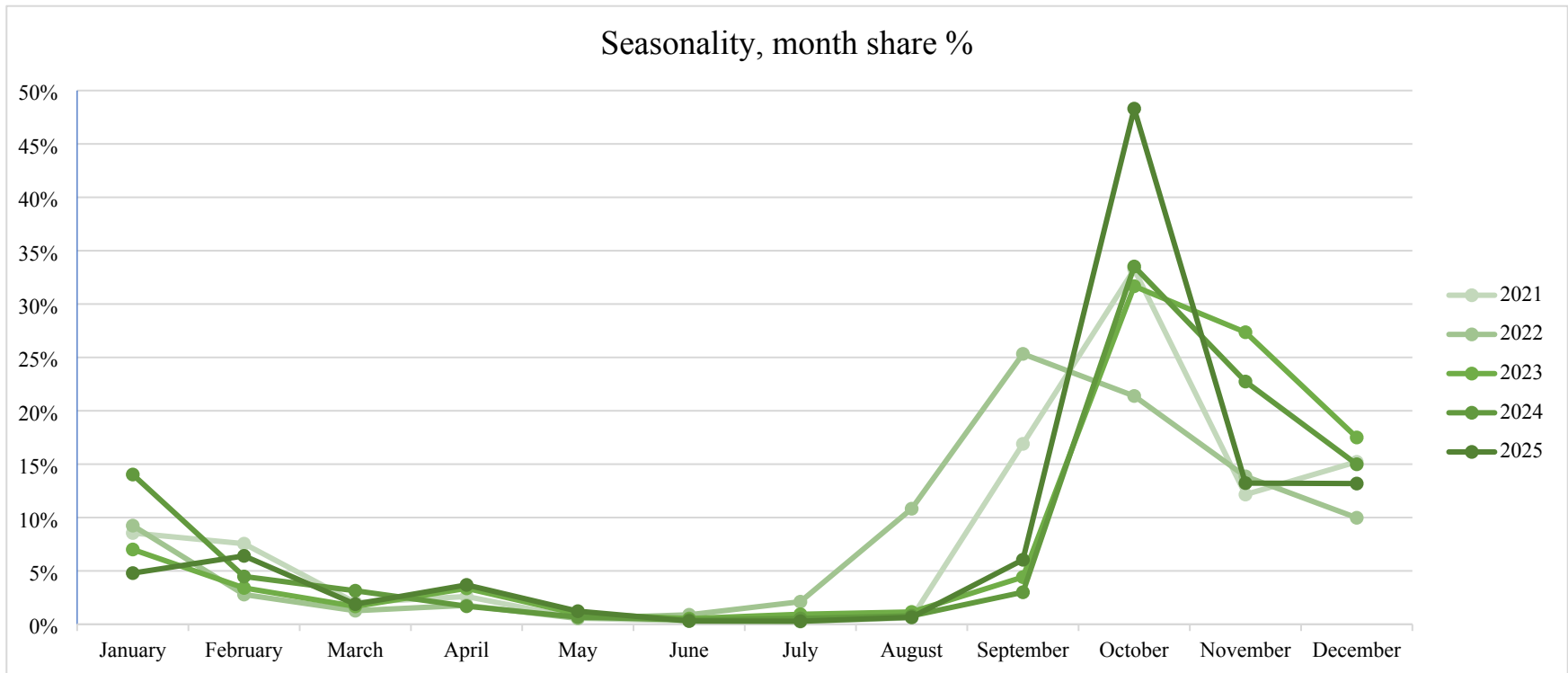


Figure A.2 Seasonality, month share % in sale

## APPENDIX B. PRICE SEGMENTATION

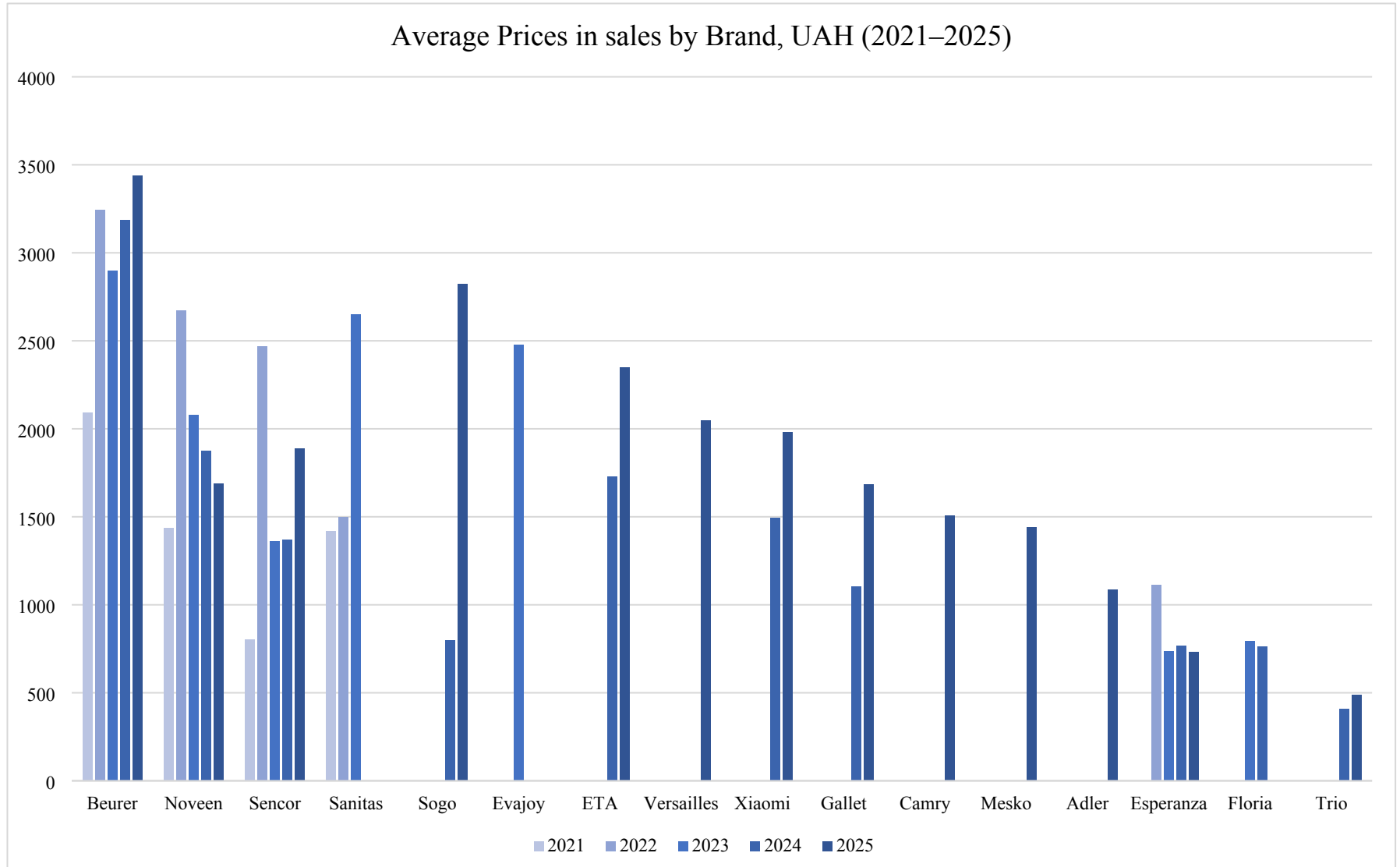
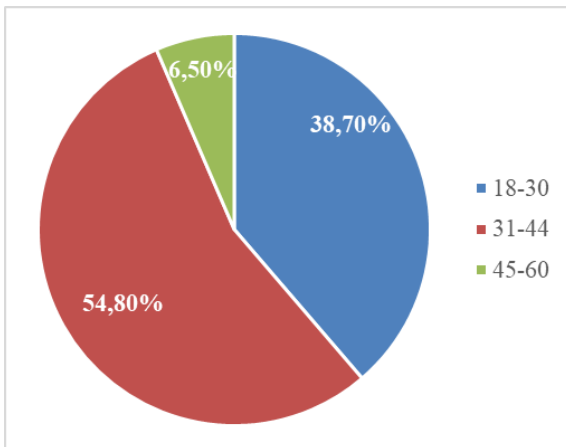


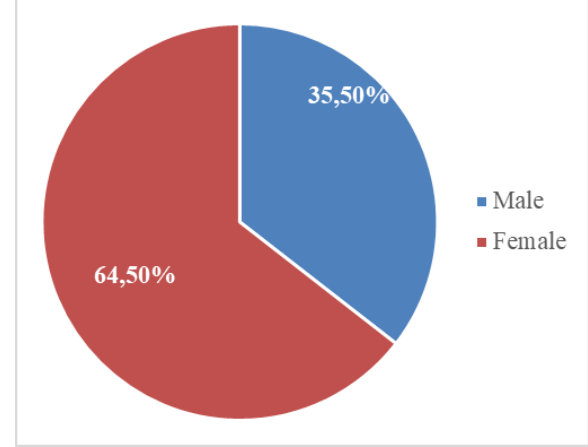
Figure B.1 Average Prices in sales by Brand, UAH (2021–2025)

## APPENDIX C. SURVEY

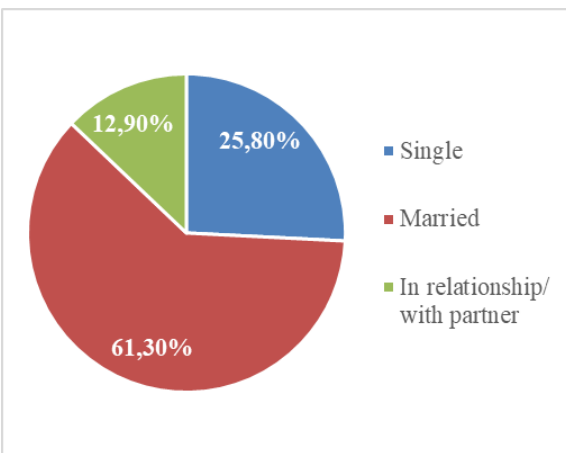
**1.** Please indicate your age



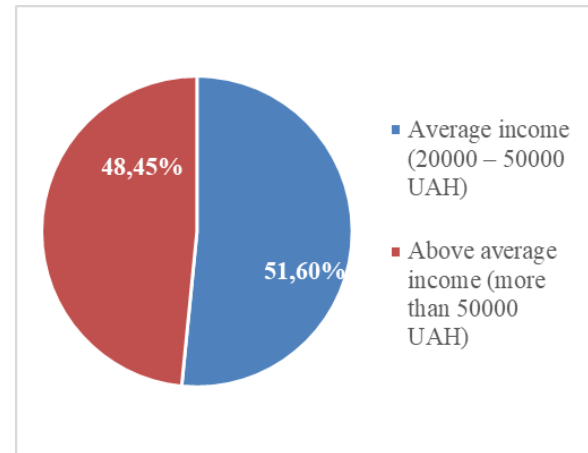
**2.** Please indicate your gender



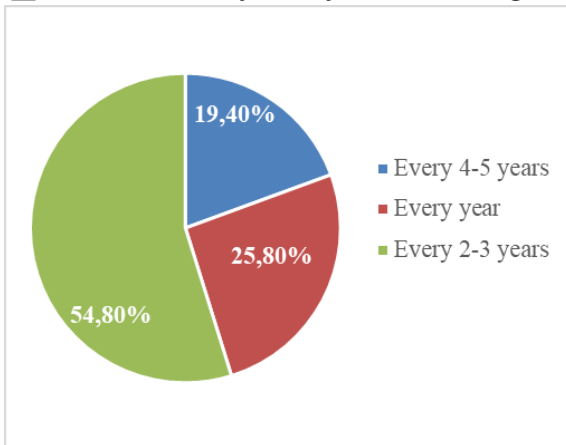
**3.** Please indicate your Household status



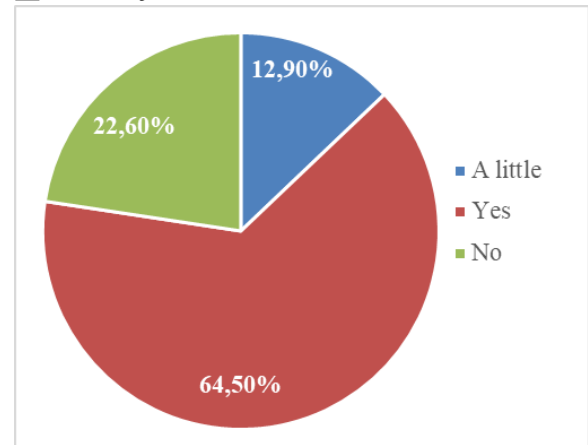
**4.** What is your income level?



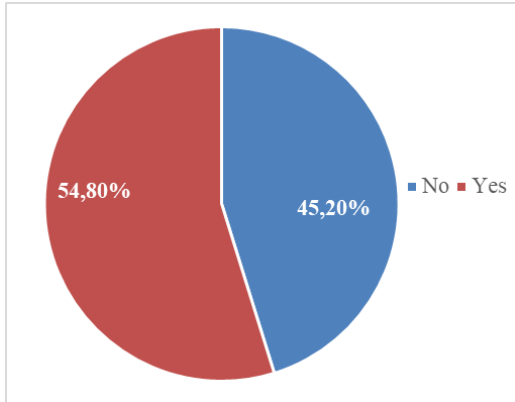
**5.** How often do you buy home textile products?



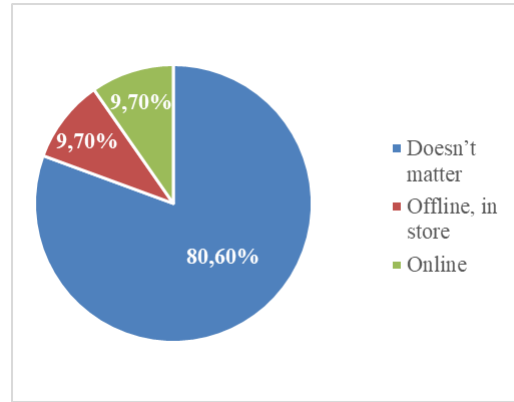
**6.** Have you ever heard of electric textiles?



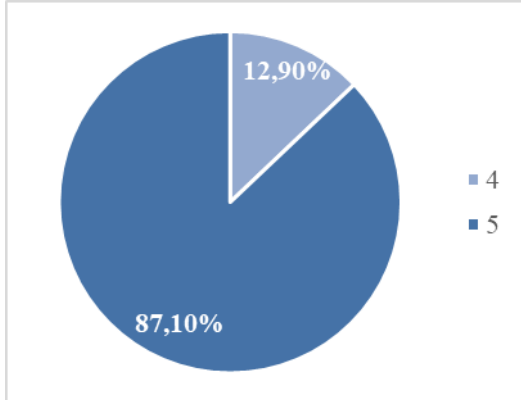
**7.** Have you ever received an advertisement for electric textiles?



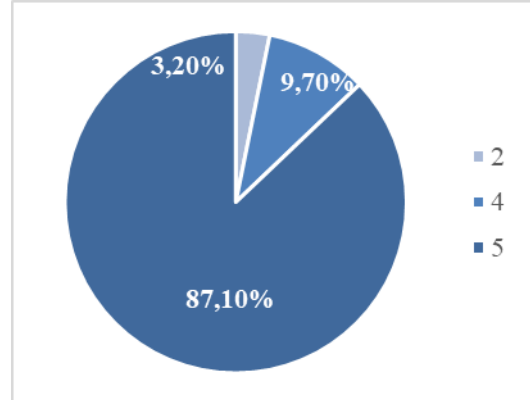
**8.** Where would it be more convenient for you to purchase a new product, such as electric textiles?



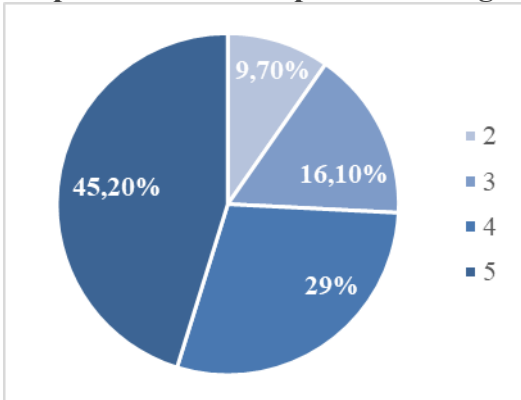
**9.** If you choose a product online, what is important?  
(1 = Less Important, 5 = Most important)  
**Quality photo and video content**



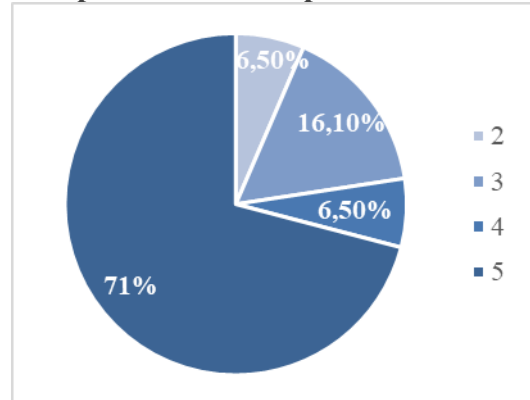
**10.** If you choose a product online, what is important?  
(1 = Less Important, 5 = Most important)  
**Quality description/characteristics**



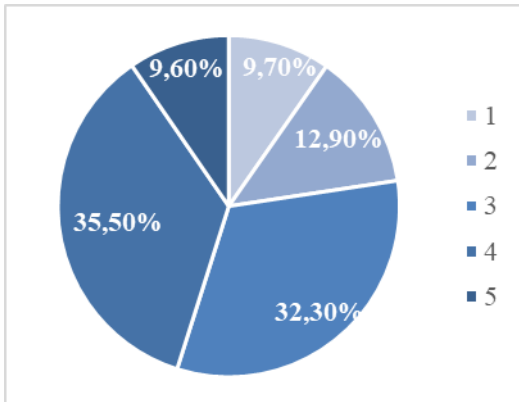
**11.** If you choose a product online, what is important?  
(1 = Less Important, 5 = Most important)  
**People's reviews and product ratings**



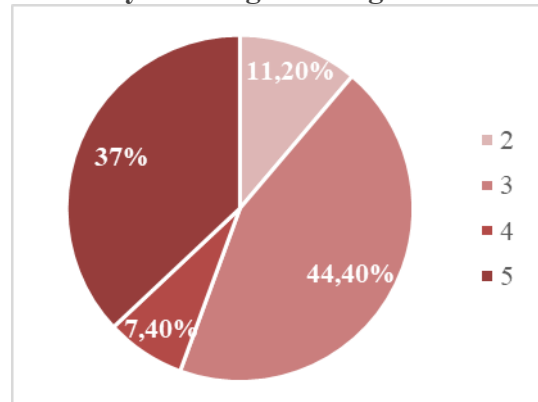
**12.** If you choose a product online, what is important?  
(1 = Less Important, 5 = Most important)  
**Competitive and fair price**



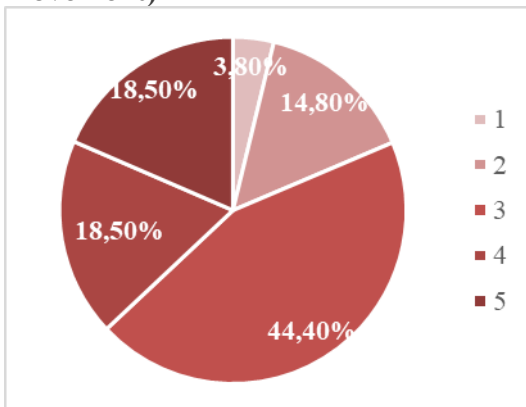
**13.** If you choose a product online, what is important?  
 (1 = Less Important, 5 = Most important)  
**Brand awareness**



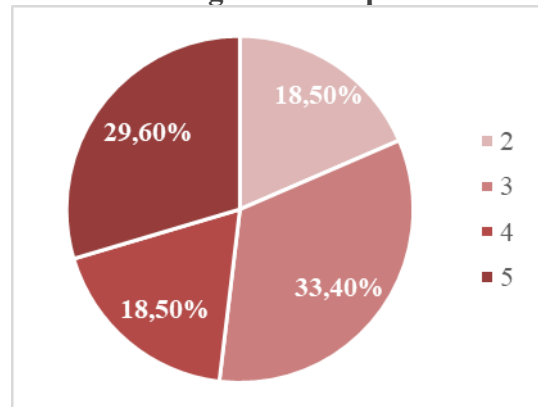
**14.** When using electric textile products, how frustrated are you by the following?  
 (1 = Not at all, 5 = Annoying)  
**Difficulty washing/cleaning the fabric**



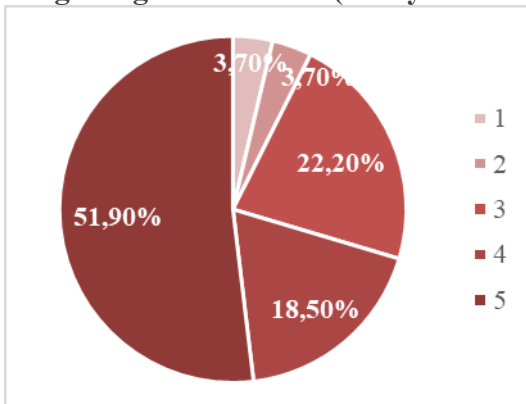
**15.** When using electric textile products, how frustrated are you by the following?  
 (1 = Not at all, 5 = Annoying)  
**Being tied to a wall outlet (restricted movement)**



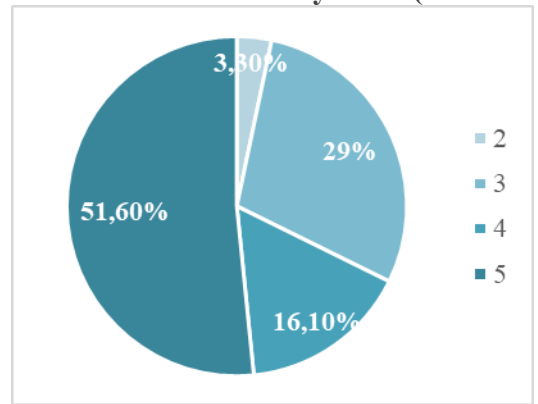
**16.** When using electric textile products, how frustrated are you by the following?  
 (1 = Not at all, 5 = Annoying)  
**Uneven heating or "cold spots"**



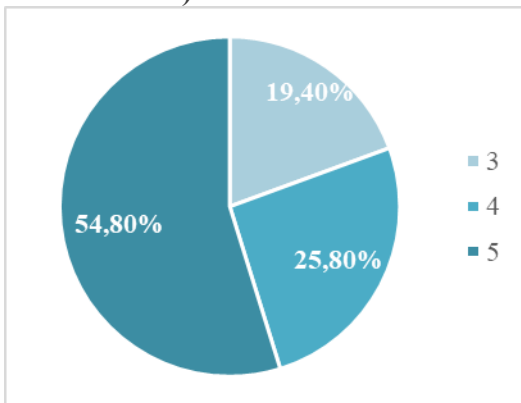
**17.** When using electric textile products, how frustrated are you by the following?  
 (1 = Not at all, 5 = Annoying)  
**Forgetting to turn it off (safety concern)**



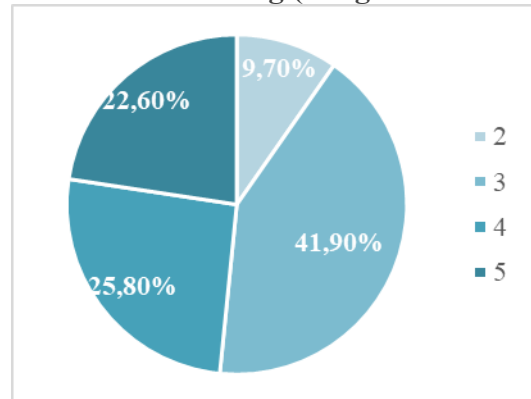
**18.** If you were buying a new [Product], rank these features in order of importance to you  
 (1 = Less Important, 5 = Most important)  
**USB Powered / Battery Pack (Portability)**



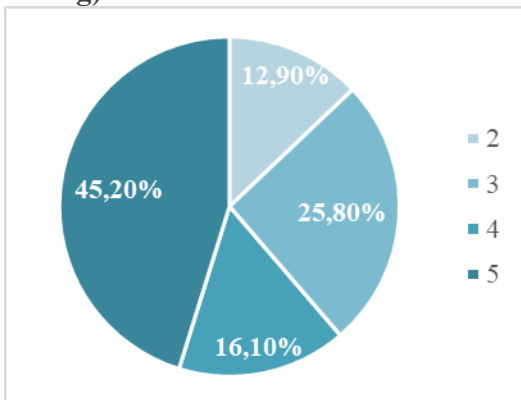
**19.** If you were buying a new [Product], rank these features in order of importance to you (1 = Less Important, 5 = Most important)  
**Machine Washable Fabric (Easy Maintenance)**



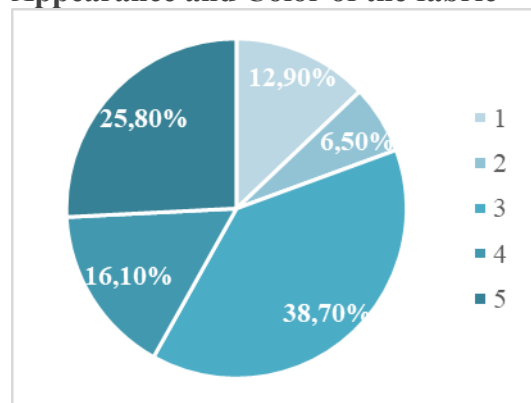
**20.** If you were buying a new [Product], rank these features in order of importance to you (1 = Less Important, 5 = Most important)  
**Multi-Zone Heating (Targeted warmth)**



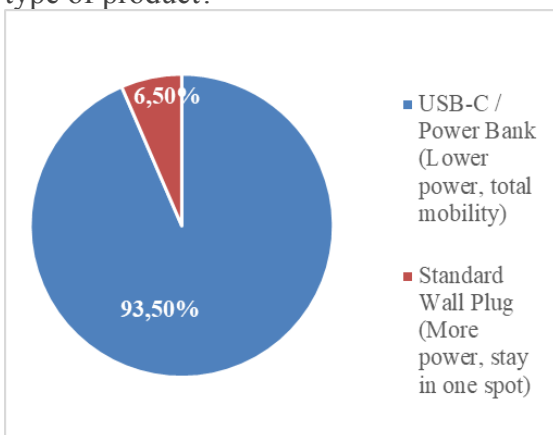
**21.** If you were buying a new [Product], rank these features in order of importance to you (1 = Less Important, 5 = Most important)  
**Smart Auto-Shutoff Timer (Safety/Energy saving)**



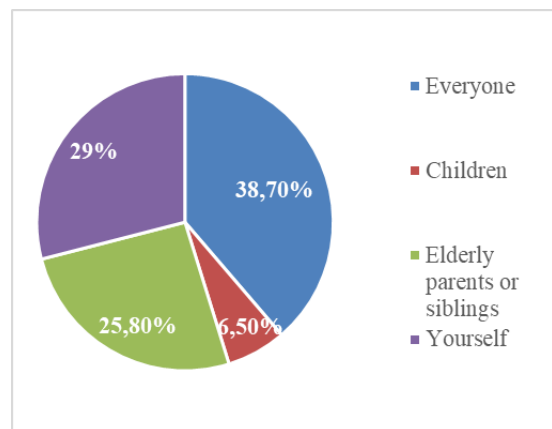
**22.** If you were buying a new [Product], rank these features in order of importance to you (1 = Less Important, 5 = Most important)  
**Appearance and Color of the fabric**



**23.** Which power source do you prefer for this type of product?



**24.** Who would you buy electric textiles for?



**25.** A standard "Reseller Model" product costs [Price A, e.g., 1500 UAH] but is not washable and must be plugged into a wall. How much MORE would you be willing to pay for a "Premium" version that is fully washable and USB-powered?

