

CHAPTER 2

INTRODUCTION TO PRIVATE LABEL: INTERNATIONAL & INDIAN SCENERIO

2.1 Concept of Private Label

The increasing popularity of the retail sector in developed countries in the 19th century saw a tremendous rise in the number of departmental stores and supermarket chains; that further gave birth to concept of private-label goods¹ (Steenkamp and Dekimpe, 1997). Initially private labels were introduced in the grocery section with much cheaper prices compared to the branded products. The poor economic conditions in many countries in the mid 19th century made customers more price conscious, and led them go for these products. Simultaneously improvements in quality, taste and packaging to some extent attracted the customers as well² (Edgecliffe, 2001). In recent times, various product innovations have made these items quite popular in the retail market. Private Labels are top sellers in many product categories sold in the US supermarkets³ (Quelch and Harding, 1996).

The term-‘Own brand’ acknowledges the power of the retailer. ‘Own brands’ are articulated and developed in a way that they not only fit with the brand promise of the retail store, but if effective, they also give consumer drives a key point of departure to enhance and celebrate the overall retail brand proposition so as to keep consumers coming back for more.

The Private Label Marketing Association defines store brand products as “all merchandise sold under a retail stores private label. That label can be the stores own name or a name created exclusively by that store. In some cases, a store may belong to a wholesale buying group that owns labels, which are available to the members of the group. These wholesaler owned labels are referred to as controlled labels’.⁴

2.2 Classification of Private Label⁵

Private label can be classified as under:

- **Individual Brands / Quasi Brands:**

Individual / Quasi-brands, invented controlled labels with no store association, work most successfully in a limited assortment environment to create the illusion of selection. Specific brand names are created for specific market segments and/ or categories. eg. Aldi, Lidl, Netto.

- **Store Brands:**

Store brands, where all private labels carry the name of the store, have been very successful at driving high levels of private label penetration in supermarkets. It carries the retailer's name, such as Westside, Food World, Big Bazaar, Sainsbury, Albertson's and Safeway. Store brands offer a choice to the end consumer, for the retailer, they are tool for increasing business and winning customer loyalty. Retailers have realized that while consumers can buy a national brand anywhere; they can only buy their store brand at their store.

- **An Umbrella Brand / Group Brands:**

Group brands, where all private labels carry a common non-store name, are most commonly used by retailers with more than one store fascia

Where a common brand name is used across multiple categories – e.g. Splash (Lifestyle), Bare (Pantaloon). A private label is more than a product with the name of the retailer /store – it needs to be seen by the end consumer as different products. There must be a clear perception that 'it is produced by this store'. Private labels or store brands exist in a wide variety of industries, from apparel to food to health and beauty aids. Following table illustrates strengths and weakness of different private label strategies:

2.3 Significance of Private Label^{6, 7, 8}

Across the globe retailers become more sophisticated and competitive, the role of private labels in their stores, changes from that of a price – fighter to being a value – added marketing differentiator. This is indicated by the fact that the volume of private-label brands are starting to diversify their offering beyond the expected, enabling them to compete more effectively in existing product categories and foray into new and different product categories that have traditionally been dominated by national brand players. Following are few reasons for the development of private label by retailers.

- Need to create unique merchandise.
- Need to create loyal customers.
- Need to earn increased margins.
- Changing consumer habits.
- Identification of need gap.

The changing consumer tastes and the need to fill a gap in the product offering is the key reasons for retailers to opt for offering a private label. This gap may be due to the non-availability of particular product / category. The retailer may also seek to create a competitive advantage in his domain by aiming to offer a product that is unique and thus, also build in on customer loyalty.

Offering a product or a range within a product, which gives the customer newer reasons to visit the store every month or week, is something that every retailer would aspire for. Private labels also allow the retailer to build a brand which is associated with the store and therefore, with an experience.

The most significant advantage that a private label allows a retailer is that of earning a level of margin which may be higher than what is offered on other brands that he chooses to retail. A private label basically involves the retailer doing the designing, merchandising, sourcing and distribution. Thus, his cost is under his control and

spread across a limited range of activities. Promotions are mainly done in store and thus, his cost of goods sold is much lower compared to that of national brand.

Finally, the retailer may also vary the offerings of the private label across geographical boundaries on the basis of the variation in consumer preferences or to seed a competitive advantage in a new geographical region.

2.4 Evolution of Private Labels

Private labels were defined as generic product offerings that competed with their national brand counterparts by means of a price – value proposition. Often, the lower priced alternative to the ‘real’ thing, private label or store brands carried the stigma of inferior quality and therefore, inspired less trust and confidence.

While store brands offer a choice to the end consumer, while for the retailer served as a tool for leveraging business and winning customer loyalty. Retailers have realized that while consumers can buy a national brand anywhere; they can only buy their store brand at their store.⁹

In the developed markets, private labels started out of economic necessity – for providing a cheap alternative for low – emotion involvement goods such as butter, eggs, flour and sugar.¹⁰ Generics, which were products distinguishable by their plain and basic packaging, were the first type of private labels to appear on the horizon, largely associated with low price and low quality.

Following table shows the Evolution of Own Brands¹¹:

Table 2.1 : The Evolution of Own Brands (Private Labels)				
	1 st Generation	2 nd Generation	3 rd Generation	4 th Generation
Type of Brand	Generic No name Brand free Unbranded	Quasi Brand Own Label	Own Brand	Extended own brand, i.e. segmented own brand
Strategy	Generics	Cheapest Price	Me-too	Value Added
Objective	Increase Margins Provide choice in pricing	Increase Margins Reduce manufacturer's power by setting entry price Provide better value product	Enhance category margins Expand product assortment Build retailer's image among customers	Increase and retain the client base Enhance category margins Improve image further Differentiation
Product	Basic and Functional Products	One-off staple lines with a large volume	Big category products	Image forming product groups Large number of products with small volume (niche)
Technology	Simple production process and	Technology still lagging behind market leaders	Close to the brand leader	Innovative technology

	basic technology lagging behind market leader			
Quality / Image	Lower image and inferior image compared to the manufacturer's brands	Medium quality but still perceived as lower than leading manufacturer's brands Secondary brand, alongside the leading manufacturer's brand	Comparable to market leaders	Same of better than brand leader Innovative and different products from brand leaders
Approximate Pricing	20% or more below the brand leader	10 – 20 % below	5 – 10 % below	Equal or higher than known brand
Consumer's Motivation to buy	Price	Price is still important	Both quality and price, i.e. value for money	Better and unique products
Supplier	National, not specialized	National, partly specializing for own label manufacturing	National, mostly specializing for own label manufacturing	International, manufacturing mostly own brands

Source: Own brands in food retailing across Europe, H. Laaksonen and J. Reynolds, *The Journal of Brand Management*, 2, 1994.

2.5 Process of Private Label Creation¹²

Steps involve in the creation of the private label are listed below:

1. Defining the Objective

First step towards creating a private label is to start by defining the reason for which the retailer wishes to create the private label. Some common reasons for creating a private label are the need to create a competitive differentiation, or to offer a wide and unique product range. The need to create a private label may also be for enhancing the margin that he may be earning or to build customer loyalty.

2. Defining the Gaps in the Market

After identification of the basic objective to create private label, the retailer needs to understand the customer segment which is to be tapped. This enhances a further understanding of the target profile of the customer and also helps the retailer address issues with respect to the sensitivity of price on the target audience, the level of experimentation within the segment and the level of brand loyalty, if any.

The other aspect that needs to be liked into at this stage is the financial implications of the private label. This will involve gaining an understanding of the financials that would be involved in the creation of the private label and the supply chain efficiencies that would be needed from the organization and the supplier, in case the product is outsourced. After having determined the objective for creating the private label, the retailer needs to determine the strategy that he is going to adopt for the private label. The gaps in the offering of the brands and products in the store and that of the competitors need to be done. A decision needs to be taken in terms of the product mix and the pricing strategy to be adopted. It is necessary to define the required product specifications, standards, quality and estimated volumes.

3. Decision on Make or Buy and Sourcing

After having determined the basic purpose for the creation of the private label, the method in which the sourcing of the product is to be done has to be decided upon. This will involve a decision on make or buy. In case the retailer decides to source the product, decisions with respect to the vendor or supplier then need to be tackled. One needs to check the ability of the supplier to provide products within the given time frame, at the required quality and price levels, so as to enable the retailer to earn a suitable amount as a margin. In case of products like apparel, it is necessary that the designs and styles of the products provide are different from those available with other retailers and brands.

4. Determine the Marketing and Sales Strategy

The product secured also has to be marketed within the store environment. This will involve communication within the store and at times, communication in vehicles of mass media.

5. Determine the Measures of Performance

While creating a private label, as with creating a brand, it is necessary to identify the measures of performance. It is necessary to develop a system to track and monitor private label program performance and identify recommendations for program refinement and improvement.

Thus, private label, as a concept, is poised for further expansion, and their population is fast extending too many nonfood categories and formats. Retailers have realized that private labels have a huge impact on bottom line and margins of private labels are usually double than that of branded products. The power of private labels is being explored by most retailers today as they do not want to be at the mercy of the big manufacturers. At the same time, they also realize that it's not going to be easy as it takes time and money to build private labels.

2.6 Private Label: International Scenario

Globally private labels are winning acceptability and the loyalty of customers. Private labels posted market share gains in 15 countries tracked by Nielsen for PLMA's 2007 International Private Label Yearbook. It further states that in Central and Eastern Europe, where modern retailing is rapidly taking root, retailer brands are making their biggest market share increases. This change reflects in a shift in shopper attitudes, where a private label is no longer sought out only for reasons of price and economic conditions.¹³

The data also shows substantial growth for retailer brands in Western Europe. The share increase in the United Kingdom, up by more than a point to 43%. In France, the A-brand competition has not been able to stop the powerful trend towards private label in recent years. Market share in the country has now climbed to 34%, and would surely be higher if sales data from discounters were included. Even so, the private label's high market share contrasts sharply with the situation in 1997, when it stood at only 21%.

Spain continues to be one of the biggest success stories for retailer brands. Market share there has surpassed the 35% mark for the first time ever and seems destined to reach 40% in the next few years. Private label maintains its significant position in Germany and Belgium. Market share in Germany approaches the 40% level, while it is over 42% in Belgium. In Austria, retail brands climbed more than one point and now account for one of every five products sold.

Switzerland again had the highest volume share of any of the countries surveyed by Nielsen. Retailer brands now account for 53% of all products sold in the country and their market share is still climbing.

In Scandinavia private label's share is at least 20% in each of countries – Denmark, Finland, Norway and Sweden. The biggest increase was posted in Denmark, where

the share for retailer brands climbed more than two points to 27%. Market share has been climbing steadily in Sweden, up from 22% in 2003, to more than 28% in 2006.

In the Netherlands, the share for retailer brands has now climbed to 22%. Private label continued its growth in Italy, marking substantial gains over the past eight years. Market share for private label in Portugal climbed more than two points reaching 27%.¹⁴

Table 2.2: Private label Penetration (%) & Sales growth (%)^{15, 16}		
	Penetration (%)	Sales Growth (%)
North America	16	7
Latin America	2	5
Europe	23	4
Asia pacific	4	5
Emerging markets	6	17
World	17	5
Source : Images Retail Report,2009		

2.7 Private Label: Indian Scenario

Private label in India are coming on their own. Retailer in India appears to be taking a leaf out of their western counterparts. In case of Spencer's, about 25% of all goods displayed in its store counters are private labels. This figure is set to rise in the future. Hyderabad-based Heritage Foods (India) also has a fair share of private labels on display in its stores. The share of the private labels is almost 27%, barring fruits and vegetables. The emergence of private labels is giving smaller brands – especially in functional driven categories where emotional connect plays a negligible role – a chance to compete with the big national brands.¹⁷

In Lifestyle segment, private labels form 80% of apparel sales in Pantaloon as well Big Bazaar (Fashion@Big Bazaar). Following table details the private label brands of

PF in Lifestyle, Food as well as FMCG categories. Some of the Private Label Brands are - John Miller, Lombard, BARE, Knight-Hood, DJ&G, RIG, Chalk, Honey, Scullers etc.

In the Value format, Future Group has private label brands comprising of 30% of sales across Food, FMCG and Personal care categories. Some of the key private label brands in this space include Tasty Treat, Fresh & Pure, Clean Mate, Care Mate etc. For FY10, Future Group's FMCG private brands have registered a whopping 75% YoY growth. Future Group's major initiative in enhancing the private brands portfolio was the launch of the **Ektaa** brand, offering community specific food products across the country.¹⁸

In the Electronics space, FG has Koryo Private Label (Value for Money) and Sensei (as the Premium Offering). FG is facing tremendous competition from LG, Samsung, and Sony.¹⁹

In case of Food Bazaar, in many categories, private labels are better than branded products. For instance, Food Bazaar's *Care Mate* hand wash has been a fast moving product. While as a category, hand wash hadn't grown much in the last few years, the company introduced *Care Mate* by offering a unique price proposition. Food Bazaar's hand wash, detergents and oral care products are priced 20% to 25% lower than market prices. The company's private label business is doubling every quarter.

The company also believes that when it comes to local tastes and preferences, private labels hold an edge over national brands. And this is extremely pronounced in food categories, as a national brand can only offer limited varieties. But a private label can be localized to a greater extent, for example Food Bazaar's *Tasty Treat* pickles not only use local ingredients but also the oil is suited for the local palate. In western India, pickles are prepared in groundnut oil, while it is cooked in sesame and mustard oil in south and east. The company introduced *Tasty Treat Kasundi* (mustard sauce) only for the eastern market as kasundi is a regional favorite; the product is now being

rolled out nationally. It has also introduced *'Thank You Aunty'*, an umbrella brand provided to self-help groups that make locally favorite snacks like murukku, chakli, thepla and chewda.

Food Bazaar has also adopted labels like the insecticide spray Quite, manufactured by Asian ITG, a manufacturer for brands like Mortein, and Maniar's Khahra (earlier sold only in the export market) for a year when the manufacturer was thinking about launching the brand in India. All these adopted brands are now sold exclusively in Food Bazaar outlets.²⁰

Given the nascence of retailing in India, one can assume that players are looking only at generic private label brands. But segmentation is already taking place even within own labels – from pure generic brands to premium brands being retailed on the shelves. For instance, Big Bazaar has four different private label strategies – opening price point labels, promotional labels, trade – up labels and even deep – discount labels. This segmentation is created according to customers' preferences.

Similarly, Spinach has tied up with small brands in jam and sauces, and retails these products after rebranding them.

Aditya Birla Retail is aggressively pursuing the strategy of promoting Sales of private labels. Currently, the segment accounts for around 3 percent of its total sales. A B Retail, which operates supermarket and Hypermarket formats, under 'More for You' food and grocery chain, is Targeting to increase private label sales to 10-15 percent in the next 2-3 years.²¹

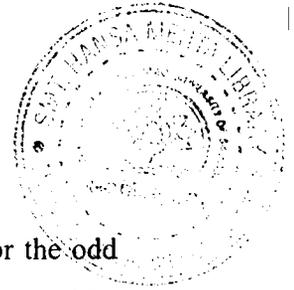
According to Mr. Amit Kumar, Retail head, Fashion@bigbazaar on private labeling, he said that he plans to increase his private labels from 60 percent to 90 percent in the next three years. According to him Private labels provide four key merits:

- Gives the opportunities to stand out from the crowd.
- Helps maintain consistency in stocks.

- Outside brands may or may not be available in the future leading to a potential loss of customers.
- Enables retailers to control margins by improving their bargaining Power.

Bharti Retail, Walmart's joint venture partner in India, have bought eight private label in total including Great Value line of food (flour, dry fruits, spices, cereal, and tea) , George Apparel. The Private Label lines are going into the Cash & Carry format (BestPrice Modern Wholesale) and discount convenience (Easyday). Equate, a brand for pharmacy and health and beauty items, has been introduced only in the handwash category as of now in Easyday stores. Other Wal-Mart private labels introduced in India include Home Trends (home furnishing), Mainstays (plastic containers, kitchen accessories), Kid Connection (toys, clothing), Faded Glory (footwear) and Athletic Works (athletic shoes, equipment). Astitva, is a line for Indian ethnicwear.²²

Since private Labeling requires long term planning, it enables the retailers to understand all the nuances of its products as against an opportunity. Stock which could turn into an opportunity cost in the long run. Globally, own label brands contribute to 17 percent of retail sales with a Growth of 5 percent per annum. International Retailers like Wal-Mart of USA and Tesco of UK have 40 percent and 55 percent own label brands representation in their stores, respectively. In India there is an increasing trend towards acceptance of private label brands and thus their penetration is on the rise especially in the apparel, consumer durables, home care and FMCG segments. Overall, in India, private labels constitute 10-12 percent of the organized retail product mix.²³ Players like Shoppers Stop, Tata Trent, Pantaloon, Reliance, Spencer's, moved towards adopting private labels to address consumer needs and to increase profitability of their retail businesses.²⁴ In India, very few players are into own manufacturing of private labels and are dependent on third parties For example, Vishal Retail is increasingly shifting from manufacturing to third party sourcing primarily because of increase in categories for private labeling and volumes. Vishal Megamart's offers salt and toothbrush under its 'V-need' brand.²⁵



There is hardly any special advertising created for own labels, expected for the odd leaflet or two. Most retailers rely on shelf space and signage's, and techniques like sampling and active merchandising at the essential that the packaging and look and feel are as good as, if not better than national brands, so that customers don't have a reason to view the products with suspicion.

The real challenge, however, will be for retailers to take own labels outside their stores and make them national brands. Following table lists few private libels of Indian retailers.²⁶

Table 2.3 Private Labels with Indian Retailers			
Sr. No.	Retailer	Private Labels	Merchandise Details
1	Aditya Birla Ltd {MORE}	Maha Saver, Freya	Groceries
		Essentials, Pebble Rock	Home Décor
		Big Feet	Foot Ware
		Feasters, Kitchen Promise, Best Of India	Food Brands
		Enrich, 110%, Pestex, Paradise, Germex	Home & Personal Care
2	Spencer's	Smart Choice	Daily Groceries, Processed Foods, Beverages, Home & Multipurpose Needs
		Iland Monks, Mark Nicolas, Scorez, Detailz, Asankhya, Puddles, Little Devils, UNI	Fashion
		Maroon	Non Stick Cookware
		Live Smart	Modular Furniture
		College Studio	Stationary
		360 degree	Luggage
		Great	Electronic & Electrical
3	Future Group	John Miller, Lombard, Bare, DJ & C, Buffalo, RIC	Fashion
		Dream Line	Home Segment
		Tasty Treat, Premium Harvest, Fresh & Pure	Food Brands
		Care Mate	Personal Care
		Clean Mate	Home Care
		Koryo, Sensei	Electronic & Electrical
4	Reliance Retail	Reliance Select, Reliance Value	Staples & Food
		Dairy Pure	Dairy Products
5	Rei Six Ten	Real Magic, Mr. Miller, 6Ten	Staples & Food, Home Segment
6	Shoppers Stop	Kashish, Stop, Life, Mario Zegnoti, Acropolis, Push and Shove, Vettorino Fratini	Mens's Ethnic Wear, Western Wear Men & Women, Mens Casual Wear, Jeans Wear, Men's Formal Wear, Men's Formal Wear, Eye Wear, Premium Men's Wear
<p><i>Source: Futurebazaar.com; Relianceretail.com; indiaretailbiz.com; spencersretail.com., sixteen.com Advertising Express December 2008 pg 20; http://www.retailmantra.com/shoppers-stop-private-label-business-outlook/ June 20, 2009)</i></p>			

2.8 Snapshot of Indian Retailer's Depth of Private Labels²⁷

Private labels are likely to continue to grow in the current financial environment as cash-strapped consumers' perception of the products as a 'cheaper option' changes. Part of private label growth in a recession is permanently sustainable. As consumers learn about the improved quality of private labels in recessions, a significant proportion of them are likely to remain loyal to private labels, even after the necessity to economize on purchases is no longer required.

Higher profile, quality-focused private label brands are likely to prosper as consumers begin to reassess their views of own-brand goods. Also, with increase in competition and rising pressure on margins, private label are increasingly getting attention due to the aggressive marketing of retailers at par with branded goods. Following states the present depth of private labels in few Indian retailers.

Indian Retailers	Depth of Private Labels (%)
Trent	90
Reliance	80
Pantaloon	75
Nilgiris	38
Indiabulls / Piramyd	30
Food world	22
Shoppers Stop	20
Subhiksha	19
Spencers	10
Ebony	10
Rei Six Ten	6
Aditya Birla Retail	3

Source : Images Retail Report 2009

2.9 Long-term Growth Drivers of Private Label²⁸

The conclusion that private-label penetration will have reached 50 percent by 2025 is based on assumptions about food retail market structure. The underlying drivers for private label growth are scattered over a number of trends/strategies. To complicate matters, there is a strong interdependency between the growth factors. The 11 arguments for private label growth are summarized below:

1. Consumer acceptance levels for private label are rising, due to price sensitivity (economic recession or hard discount competition).
2. Continued industry consolidation in developed food retail markets (Western Europe, the US and Australia). Economies of scale in logistics, procurement, marketing, store opening strategies and private label will continue to fuel sector consolidation. Larger operating scale provides more opportunities to launch private label.
3. Adoptions of modern retail i.e. more professional and larger scaled procurement organizations in developing markets (Central and Eastern Europe, Russia and Turkey).
4. Growing share of hard discount due to increase price awareness, a consumer trend toward demand polarization (indulgence versus value for money) and ongoing expansion in developing countries.
5. Hard discount competition is driving value private-label growth. Service-oriented supermarkets are expanding their value private-label offering, aiming to retain traffic and prevent customers defecting to hard discounters.
6. Need for diversification among service oriented supermarkets. The ongoing convergence of service and price-oriented business models is driving the need for service-oriented supermarkets to differentiate through premium private label.
7. More comprehensive private-label strategies of larger retailers. Many top-three retailers in developed countries are still in the early stages of private-

label adoption and have only recently started to look at private label as one of the pillars for growth.

8. Need for diversification among smaller supermarkets. Smaller, regional food retailers need private label to help them carve out a niche position in a rapidly consolidating market.
9. Increased professionalism of private-label suppliers. The emergence of specialist private-label suppliers is increasing professionalism and quality levels, thus improving the 'image' of private label among retailers and consumers.
10. Consolidation among A-brands undermines retailers' negotiation positions. Larger A-brand suppliers drive the need for food retailers to reinforce their position at the negotiation table by expanding their private-label offering.
11. Price competition in private-label supply is expected to heat up. As private label and A-brands is winning share; producers of delisted B-brands are looking for alternative products/markets to safeguard their production capacity utilization rates (and profitability). This is expected to fuel price competition in private-label supply.

2.10 Rationale of Study

The birth of retailers own private label brands are a major landmark in the history of retailing. According to De Charnatony and McDonald (2003), the changing nature and popularity of retailing in the 19th Century was the main reason for growth of this new concept.²⁹ Subsequently due to rise of private label brands, branding in retail sector has also taken a new shape and significance (Gilbert, 2002)³⁰. This became increasingly apparent as more retailers have been launching a wide range of products, improving quality standards, offering reasonable prices, implementing effective promotional strategies and using bigger distribution networks. Private labels were actually introduced in the grocery market by some early big retailers as cheaper alternatives for premium ones. In last couple of years these goods have gradually expanded their presence across all product categories ranging from clothing, electronics, health, footwear, beauty, OTC (over the counter) medicine, etc. and at present all the leading groceries offer a range of products under private-label brands.

A report shows that these brands are the top sellers in many product categories sold in the US supermarkets (Quelch and Harding, 1996)³¹. These brands were found to be successful reasons for the same are as follows:

1. They have higher gross margin opportunity to retailers than premium brands (Raju et. Al., 1995).³² Although they are typically priced much lower than premium brands, lower marketing costs compensate for lower prices allowing them to enjoy a higher overall gross margin (Mason et. Al., 1994).³³
2. Retailers often advertise premium brands to attract customers to their stores and sell their own brands (generally placed along with premium ones) to the price sensitive segment (Hoch and Banerjee, 1993)³⁴.
3. Retailers use them as bargaining tools for asking manufacturers for better trading terms such as cheaper prices, more promotional items, quicker deliveries,^{35, 36, 37} etc. (Ailawadi et. Al. 1995); Narasimban and Wilcox, 1998,

- and Chintagunta et. Al. 2002). Moreover these brands enable retailers to get better deals from manufacturers in the form of lower wholesale prices on premium brands (Mills 1995)³⁸.
4. Retailers can build distinctive store image with these brands (Richardson et. al. 1994; Grewal et. al. 1998; and Sayman et. al., 2002).^{39, 40}
 5. Private label brands with strong and exclusive image can develop store loyalty resulting in more store traffic (Levy and Weitz, 2001).⁴¹

Hence from the above factors leading towards success of private label it is believed that rise of these brands will continue in future with significant improvement in product quality, reasonable price, higher brand image as well as store image. For capturing a greater portion of private label market, the retailers now a days are trying ever means – expanding product range, offering wide varieties in attractive packaging, using wider distribution networks, doing customer – oriented sales – promotion activities, etc.

The Indian retail market is the third largest retail destination globally. It has been ranked as the most attractive emerging market for investment in retail sector by AT Kearney's' ninth annual Global Retail Development Index (GRDI), in 2010. A Mc Kinsey report 'The rise of Indian Consumer Market', estimates that Indian Consumer Market is likely to grow four times by 2025. According to the Investment Commission of India, the overall retail market is expected to grow from US\$ 262 billion to about US\$ 1065 billion by 2016, with organized retail amounting to US \$165 billion (Approximately 15.5 % of total retail sales). FDI inflow as on September 2009, in single brand retail trading, stood at approximately US\$ 47.43 million, according to Department of Industrial Policy and Promotion (DIPP). India's' overall retail sector is expected to rise to US\$ 833 billion by 2013 and to US\$ 1.3 trillion by 2018, at a compounded annual growth rate (CAGR) of 10 %.

India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities.⁴² Its

principal constituents are Household Care, Personal Care and Food & Beverages. The total FMCG market is in excess of Rs. 85,000 Crores. It is currently growing at double digit growth rate (15%) and is expected to maintain a high growth rate.⁴³ FMCG Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments.⁴⁴

Indian Scenario of Selected Categories: Consumer Durable, Personal Care & Home Care Products.

Consumer Durables in India⁴⁵

India's consumer durable market is riding the crest of the country's economic boom. Driven by a young population with access to disposable incomes and easy finance options, the consumer market has been throwing up staggering figures. The Indian consumer durable market, with a market size of US\$ 27.38 billion in 2008 – 09, has grown by 7.1% in 2009-10.

The purpose of this study is to explore the attributes and to know the attitudinal difference amongst the selected private label categories viz. consumer durable, home care product, and personal care products across different selected demographic factors in four major selected cities of Gujarat State. To meet the research objectives most significant attributes were identified from the in depth literature review on private label, and respondents were asked to compare them with national brands with respect to different selected product categories on a likert scale (1 to 7) from least significant to highly significant.

Richardson, Jain, and Dick (1996) present what is probably the most extensive such framework offered to date. They argue that consumers' propensity to purchase Private Label's depends on certain demographic factors, such as income, family size, and age. Richardson, Jain and Dick did not study category-level variations in these factors.

In this research, we focus upon these consumer-level inter category attitudinal differences. By doing so, we hope to shed light on what has made Private Label's successful overall, drawing implications both for retailers marketing Private Label's as well as the National Brands that compete with them. Major implication of the study is to give retail sector, private labels as pivotal strategy during times of sluggish growth and long term establishment of the private label brands across various categories to sustain in market.

Personal Care Products in India⁴⁶

Skin Care

The total skin care market is estimated to be around Rs. 3,400 Cr. The skin care market is at a primary stage in India. The penetration level of this segment in India is around 20 per cent. With changing life styles, increase in disposable incomes, greater product choice and availability, people are becoming aware about personal grooming. The major players in this segment are Hindustan Unilever with a market share of ~54 per cent, followed by CavinKare with a market share of ~12 per cent and Godrej with a market share of ~3 per cent.

Hair Care

The hair care market in India is estimated at around Rs. 3,800 Cr. The hair care market can be segmented into hair oils, shampoos, hair colorants & conditioners, and hair gels. Marico is the leader in Hair Oil segment with market share of ~ 33 per cent; Dabur occupy second position at ~17 per cent.

Shampoos

The Indian shampoo market is estimated to be around Rs. 2,700 Cr. It has the penetration level of only 13 per cent in India. Sachet makes up to 40 per cent of the total shampoo sale. It has low penetration level even in metros. Again the market is dominated by HUL with around ~47 per cent market share; P&G occupies second position with market share of around ~23 per cent.

Antidandruff segment constitutes around 15 per cent of the total shampoo market. The market is further expected to increase due to increased marketing by players and availability of shampoos in affordable sachets.

Oral Care

The oral care market can be segmented into toothpaste - 60 per cent; toothpowder - 23 per cent; toothbrushes - 17 per cent. The total toothpaste market is estimated to be around Rs. 3,500 Cr. The penetration level of toothpowder/toothpaste in urban areas is three times that of rural areas. This segment is dominated by Colgate-Palmolive with market share of ~49 per cent, while HUL occupies second position with market share of ~30 per cent. In toothpowders market, Colgate and Dabur are the major players. The oral care market, especially toothpastes, remains under penetrated in India with penetration level ~50 per cent.

Household Care Products in India⁴⁷

Personal Wash

The market size of personal wash is estimated to be around Rs. 8,300 Cr. The personal wash can be segregated into three segments: Premium, Economy and Popular. The penetration level of soaps is ~92 per cent. It is available in 5 million retail stores, out of which, 75 per cent are in the rural areas. HUL is the leader with market share of ~53 per cent; Godrej occupies second position with market share of ~10 per cent. With increase in disposable incomes, growth in rural demand is expected to increase because consumers are moving up towards premium products. However, in the recent past there has not been much change in the volume of premium soaps in proportion to economy soaps, because increase in prices has led some consumers to look for cheaper substitutes. The size of the detergent market is estimated to be Rs. 12,000 Cr. Household care segment is characterized by high degree of competition and high level of penetration. With rapid urbanization, emergence of small pack

size and sachets, the demand for the household care products is flourishing. The demand for detergents has been growing but the regional and small unorganized players account for a major share of the total volume of the detergent market. In washing powder HUL is the leader with ~38 per cent of market share. Other major players are Nirma, Henkel and Proctor & Gamble.

2.11 Research Objectives

1. To study & find out attributes on which consumers evaluate both Private Labels (PLs) & National Brands (NBs).
 2. To find out & compare the overall customers' attitude towards private label versus national brands across different attributes, selected categories, as well as demographic variables.
- Different attributes viz.
 - Quality,
 - Price,
 - Risk Associated,
 - Packaging
 - Image;
 - Selected categories viz.
 - Consumer Durables,
 - Personal Care,
 - House Hold Care Products;
 - Demographic and other variables viz.
 - City,
 - Gender,
 - Age,
 - Monthly Household Income,
 - Type of Family,
 - Occupation,
 - Marital Status,
 - Shopping Frequency.

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