The Power of Private Label in Retail Market

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Abstract: Globally, own store brands or private labels are rapidly gaining share at the cost of manufacture brands. In India, where the share of organised retail is minuscule, manufacture brands still dominate. With the retail sector poised for growth, national brand manufacturers will have to contend with competition within distribution channel, which calls for revised marketing strategy locally, to thwart the threat of the private label in a store. The phenomenon also offers national brand manufacturers the opportunity to service the production needs of the private labels efficiently. The problem is India's internet-savvy consumers aren't as convinced about Private labels as their global counterparts. Consumers may be happy with the quality of private label when it comes to kitchen towels & staples like wheat flour but are wary when it comes to buying a store version of, say, baby food or shampoo. The paper has also discussed the different types branding strategies used by retailers in the developing countries. The manufacturer brands have an advantage relative to own brand where symbolic association and/or product innovation are important to customers. Conversely, where symbolic associations and product innovations are less important there is an opportunity for retailers to compete successfully with manufacturer brands if they can demonstrate comparable product quality and provide value or money. This paper deals with the power of private label in modern retail market.

Key Words: Retail Industry, Private Labels, Retailer Brands, National Brands, Retailer strategies, Retail Brand Development Strategy

IJBAMR

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