PREFACE

Retailing has come to occupy a prominent position in today’s modern society. The business of retail in India has seen significant changes in the last few years. It not only provides the Indian consumers a wide choice, but also represents a very large employment opportunity for people with diverse skills.

Changing lifestyles are prompting changes in the retail environment. Paucity of time and an increase in disposable incomes have created a need for new types of retail formats. This means that retailers will have to become better at knowing their customers and predicting their needs and wants. As the socio-economic structure in India changed so did the field of retailing.

High volume malls, shopping outlets, supermarkets and hypermarkets mushroomed, requiring the application of modern management techniques to run them efficiently and effectively. Retail success in today’s competitive environment is all about getting the right product to the right place at the right time, at the lowest cost possible. This requires retail managers to be adept at planning, merchandising, pricing and promotion.

The Indian retail story of transformation began a few years ago and is rapidly spreading across the more densely populated cities and towns but it is still a small fraction of the total retail potential that exists. In spite of the Indian retail revolution, it is said that over 90% of the sales in Urban India are still through traditional trade. Nevertheless, modern organized retail format is slowly gaining acceptance.

Retailing is one of the fundamental building blocks of the Indian economy. Indian retail markets have undergone an immense transformation in the post liberalization period and are witnessing a tremendous growth.

Rising income levels, education and a global exposure have contributed to the evolution of the Indian middle class. The purchasing and shopping
habits of consumers are maturing. As a result, there has been a tremendous impact on the growth of retail industry.

Retail and real estate area the two booming sectors of India in the present times. Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market. Accounting for over 10 per cent of the country's GDP and around eight per cent of the employment retailing in India is gradually inching its way towards becoming the next boom industry.

The increase in disposable incomes, consumer preference for shopping in new environs, urbanization, availability of quality real estate, mall management practices, better education, exposure to different brands through electronic and print media, and increasing number of working couples are the key drivers for the growth of this industry.

Organized retail is on the threshold of a boom in India. But as companies line up to grab a bigger slice of the retail pie, another battle is likely to change the face of the industry -- the one between the manufacturer brands and the retail chains' private label brands, which are far from being just cheap generics. Worldwide experience shows that as retailers become more powerful, they have increasingly focused on their own brands at the expense of manufacturer brands. Most retail chains in the country are increasingly relying on private labels to bridge the gap in their product mix and are targeting specific needs of consumers.

Private labels, also known as "store brands" or "house brands," have long been associated with inexpensive name-brand knockoffs. In recent years retailers have begun marketing higher-quality products under their private labels. The result has been a huge increase in the market share of private label brands. Of every $100 spent around the world, $17 is spent on a private label. The private label industry is worth an estimated one trillion US dollars, and its
growth is outpacing that of manufacturer brands. Private Labels play a very crucial role in a highly competitive and increasingly global marketplace.

For retailers, it is difficult to gain much competitive advantage through merchandise because competitors can also purchase and sell the same popular brands. Hence, many organized retailers have taken to developing private labels – which help eliminate small and local competitors. It offers an opportunity for retailers to compete on price against other branded products and makes a significant contribution to profitability when measured in terms of sales. Thus, through private labels or in-house brands retailers are able to offer customers variety, quality and affordable prices – all of which can lead to increase in profit margins. Almost every retailer in India that has acquired a certain size and scale has private label brands which allow them to enter new categories. Private label goods and services are available in a wide range of industries from food to cosmetics. They are often positioned as lower cost alternatives to regional, national or international brands, although recently some private label brands have been positioned as "premium" brands to compete with existing "name" brands. In response to today's rapidly changing retail landscape, private labels emerged. Higher margins and a preference to control the supply chain continue to make private labels attractive to retailers, now more than ever. Many retailers are already employing sophisticated strategies in private label product development, pricing and marketing. There is rapid private label penetration across the world's top retailers and markets.

Private labels are slowly becoming the protagonist in the big Indian retail growth story. Taking cue from the West, Indian retailers are also churning out newer ways to increase their profit margins—one such initiative is the introduction of in-house brands. With Indian customers increasingly accepting these private label brands, they would soon be major contributors to the profits of Indian retailers.

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