CHAPTER 5
AN ANALYSIS OF APPAREL BRANDING IN THE INDIAN RETAIL INDUSTRY

Introduction

Manufactured Brands and National Brands

Manufacturer's brands also known as national brands are products designed, produced and marketed by a vendor. The manufacturer is responsible for developing the merchandise and establishing an image for the brand. In some cases the manufacturer uses an umbrella or family branding strategy in which its name appears as part of the brand name for a specific product. Manufacturers devote considerable resources to creating demand for their products. As a result, the retailer for selling and promotional expenses requires relatively less money. Manufacturer brands have lower realized gross margins than private label brands. These lower gross margins are due to the manufacturers assuming the cost of promoting the brand and increased competition among retailers selling these brands. Many retailers offer the same manufacturer brands in a market so the customers compare prices for these brands across stores. Retailers often offer discounts on some manufacturer brands to attract customers to their stores.

Stocking national brands may increase or decrease store loyalty. If the manufacturer brands are available through limited number of retail outlets, customers loyal to manufacturer brands also become loyal to the limited number of stores selling the brand. If on the other hand manufacturer brand are readily available from many retailers in the market, customer loyalty may decrease because the retailer can't differentiate it self from competition. Another problem with manufacture brands is that they sometimes limit a retailer's flexibility. Vendors of strong brands many times dictate how their products are displayed, advertised and priced.

Private Label, Store Labels and Store Brands

A private label is a product line that is owned, controlled, merchandised and sold by a specific retailer in its own stores. For example, among Indian retailers, Stop, Life and Kashish by Shoppers' Stop, Bare, Annabelle and Honey by Pantaloons and ETC by Ebony are private label brands.

Store labels are the product lines launched by retailers, whose nomenclature is the name of the store itself. For example, Foodworld and Nilgiris have launched their own brand of supermarket products under the "Foodworld" and "Nilgiris" brand names. There is a distinct advantage in naming the brand launched by the retailer after the same name as that of the
store. But at the same time, the store label also carries the burden of not only the success of the brand, but also the failure, which may have a negative rub-off effect on the retailer's image. A store brand on the other hand is a brand name the retailer carries. Each retailer, because of its unique offering, is a brand in itself, which is what the store brand signifies. Nallis, Modern Bazaar and The Home Store are store brands since each of them stands for a certain retail offering.

**Competitive Advantages of Private Labels:**

1. **An edge over the competitor**
   The current competitive environment is such that the major brands are driven by the availability mantra that makes sure that their products are available across all kinds of retail formats and retail outlets. *The product mix carried by different retailers is more or less similar. In such an environment, private label brands help the retailer to differentiate his product mix from that of his competitors, since private label products are only available with the retailer. They also provide the retailer with an opportunity to present a unique offering to a customer.*

2. **The supplier angle**
   Introduction of an own brand of products helps the retailer to have means with which they can compete head on with the manufacturer's product. An established private label brand provides the retailers a platform to negotiate with the suppliers, and the retailer, thus, is apparently self-sufficient in a certain category.

3. **The customer advantage**
   Private label brands are also a strategic tool to attract and retain customers. Since private label products are available only in the retailer stores, it draws customers back and builds customer loyalty.

4. **The cost advantage**
   The private label provides margin-starved retailers a means of accruing higher gross margins. *Increasing the sales volume and decreasing purchase costs can enhance the margins.* Retailers can increase the sales volume of private label products by positioning a private label as one, which provides a higher perceived value. The costs can be contained by the limited promotional and advertising spends vis-à-vis the manufacturer brands. These benefits can then be partially passed on to the consumer, thus balancing the perceived value equation of the private label brand.

5. **Store Image**
Nowadays, a shopper builds his preference and likings for one or two particular retail outlets depending on various factors like store image, merchandise etc. Sometimes the store image becomes more important to a shopper than the brands the retail outlet is storing. For a shopper it may be important wherefrom he is shopping from than which brand he is shopping in a particular merchandise for example, Mr. X like to do shopping from Pantaloons because of various reasons but he is not very brand specific in any product category, whether he is purchasing Brand A or B it does not matter to him as long as he is purchasing the product from Pantaloons. In the other case suppose he is very much brand specific then he could have availed the brand from many retail outlets. So the point is when the retail outlets are storing some national brands, they must very much meticulously choose the brands as because the brand image of these products contributes to the building of the store image. The risk involved here is very high. As long as the national brands are good and performing well in the market, it enhances the store image but on the other hand if its performance is not well it may hamper the store image.

However, before a retailer plunges into the launch of a private label brand, it is necessary that the private label readiness be checked:

1. **The marketing mindset**
   The first and foremost requirement is a new mindset of the retailer. Besides trading and selling, he also has to be a marketer. The retailer needs to identify consumer niches and select categories, which are conducive to private label brands. He then needs to develop not just a product, but also a brand.

2. **Threshold volumes**
   The retailer needs to cross the 'minimum order' hurdles to cover the fixed costs of a private label launch. This can be achieved only when a retailer has the infrastructure in terms of presence and can achieve the identified volumes. Though not entirely impossible for a retailer with a single outlet, it is difficult to launch a private label when the volumes are limited.

3. **Consumer focused**
   The management of a private label requires a customer-centric approach to the whole process, from product development to sales. Only a complete insight into the current customers' profile of the retailer and their need gaps should drive the retailer in developing the private label.

4. **Product portfolio balance**
The retailer also needs to maintain a balance between national brands and private label brands so that an optimal assortment is presented to the customer. The branded merchandise section sends signals to the customer that the store is in step with the fashion trends, and at the same time, the private label merchandise suggests that there is an opportunity for the customer to save.

In the Indian context, one such example is the Westside store. It offers a complete range of apparel products under its own brand name. Others focus only on specific categories. Like Shoppers' Stop which has a high penetration of private label brands in women's and men's ethnic wear. In either case, it is imperative that the retailer should offer a meaningful product portfolio to the consumer.

A private label is a strategic tool, which helps retailers redefine their offering to the consumer in light of the competition, consumer need gaps, and the retailer costs. Indian retailers are just beginning to realise the power of private label programmes. They have now introduced their range of products across different formats and categories. In the Indian context, where the manufactured brands have yet to establish themselves in a large number of categories and in other segments, where the market is flooded with 'me too' brands, private label products present a good opportunity to retailers. Retailers can capitalise on low brand penetration in certain categories to launch a private label, which differentiates them. And in overcrowded categories, they can provide products, which appeal to the value-conscious Indian consumer. The road ahead for private label is untroudden, but at the same time, it offers retailers a golden opportunity.

**Advantages of National Labels:**

**Risk is less**

When the retailers are storing the national brands the risk associated with them is minimized as because they act only as the middlemen and earn a certain specific profit margin for the sale of per unit.

**Less Involvement**

Most of the associated jobs like branding, promotion; distribution and other jobs are being taken care by the owner company. So the retailers' job and involvement is being minimized.

**Brand Association**
Most of the national brands in the apparel sector are world known and have got a distinct brand image. So for the retailers it becomes a pride of association with those renowned brands.

**Catering Niche Category**

Most of the customers from the upper or upper upper end of the market prefer to wear national brands to identify themselves with their social status. So if the retailer wants to cater this niche segment they need to store national brands because they will not be able to contend this segment of shoppers with private brands.

**Threats to National Brands from Private Labels – A discussion**

There has been a concern that having established store pull with the strength of national brands, large department stores copy what sells and introduce the same merchandise at a cheaper price under the store label.

Looking at the emerging scenario brands are left with no choice but to focus more on their exclusive outlets and smaller Multi Brand Outlets. To kill a national brand, we will need not just one store brand, but hundreds of them as because the share of chain-store business is hardly 10 per cent in the total sale of a national brand.

In the organised retail market so many small retail stores can also be observed who are operating in areas of around hundred to two hundreds square foots and who are also storing some national brands. As a result of which these outlets also cut a good share of turnover from the share of the chain stores.

Three possible ways of dealing with this conflict of interests can be:

- Brands allow extra margin from their manufacturing margin by cutting down the supply-chain cost and improving efficiencies;
- Brands increase MRP percentage for all retailers, which, though, carries the danger of the brand getting discounted by street retailers, a higher incidence of government taxes, and resistance from customers; and
- Brands develop special line for chain-store requirement.

Brands express and reinforce certain values and opinions that the customer has. But in an environment where the customer’s needs are constantly in a state of flux, like it is happening in India at the moment, deciding on a branding strategy can become a real mind-boggling issue. The high cost of sustaining retail operations means retailers are putting pressure on brands to increase retail margins. The national brands spoke out about the cost squeeze driven by the
retailers’ need for higher margins, so that they may be forced to compromise on the product and quality, which would kill their brands. Top management from the department stores always highlights the initiativeness on private label for achieving higher margins, as an alternative to squeezing the national brands. Retailers and brands need partnerships rather than adversarial relationships, since private labels could themselves be a threat to the national brands on the basis of a price advantage.

However, all brands are not equal. “Power” brands, which have very strong customer loyalty, are at lower risk from store brands, rather than the multitude of wannabe national brands, which are largely undifferentiated. Likewise, brands, which successfully create a lifestyle or image appeal, are less susceptible to competition from store brands than those whose appeal is only product-led, since product differentiation can be sustained only by very highly innovative brands. The examples quoted included Levi’s and Wills Lifestyle.

Store brands, typically not being promoted outside the store, gain share by offering product comparable to brands, at better prices (not cheap). They thus benefit from the customer making tangible product and price comparisons with national brands in the store. Only when ‘national brands’ truly become brands - i.e. they deliver the intangible or emotional benefits along with tangible product attributes, will they be able to sustain themselves against store brands. Product differentiation can be sustained only by very highly innovative brands.

If we see the demographic profile of the Indian market we can see that still near about 70% of the population live in the rural India, 20% of the masses stay in the semi-urban region and the rest of the population stays in the cosmopolitan cities and metros where only the big retailers can make a mark and can enhance their revenue. If we look into the FMCG industry, even a decade ago the focuses of the companies were on the urban and the semi-urban region of the country. But now even companies like HLL and ITC have focused on rural India to increase their sales turnover. The same scenario can be forecasted for the apparel retail sector. A time will come very soon when every big retailers will want to have a share of the pie of the rural India. They have to focus on this segment of low category product, low priced and low margin but a volume business. Because this will become one of their important survival strategies in the future and at that point of time private brands will become a source of sustenance.

On behalf of the National Brands, sometimes if they get a retail space in the store of big retailers they always get the hallow effect. As a result of the store image their brand equity also gets enhanced and gets an immense boostup in building their brand image.
Sometimes what happens for those stores who are storing both the national and private stores, if there is any strong store brand within the category then cannibalizations also take place. So the retailers have to make a very proper category management.

The retailers who are storing only the national brands, store image largely depends on the product brand image and they often suffer setbacks whenever the brand image of the merchandise get diluted for any cause.

If the retailers start focusing and concentrating on the store labels only the threat from the foreign brands can be minimized upto a certain level and the Indian consumers can be oriented according to that. Even retailers like Wal-Mart and Carrefour had to leave the South Korean market because of the strong orientation of the local masses towards the local brands in that country.

**Pantaloons Retail (India) Ltd. (Future Group)**

Started in 1997 through one 8,000 square feet store in Kolkata, Pantaloons is the company’s departmental store format targeting the Indian middle class and upper class customers. The focus is largely apparels and accessories and covers the entire Indian family from grandfather to father to child on the one hand to grandmother to mother to child on the other. The company’s strategy on the Pantaloons front is to focus on its own private label that makes the merchandise more affordable to the customer. Pantaloons has grown from 8,000 square feet to 263,000 in 2002-03. Number of stores as on June 2003 was 12 and contributed Rs 174 crores to the turnover, a growth of 12 %. Pantaloon Retail (India) Limited is India’s leading retailer with a turnover of Rs. 1,073 crore (US$242 million) for the financial year ended June 2005. The company has a multiple consumer centric retail business present across segments like food, fashion and footwear, home solutions and consumer electronics, books and music, wellness and beauty, general merchandise, telecom and IT, E-tailing, leisure and entertainment and financial products and services.

The businesses are represented through multiple retail formats that cater to a wide segment of the diverse Indian society in Lifestyle retailing through Pantaloons (department store), Central (seamless malls), Blue Sky (fashion accessories) and the ALL stores (fashion apparel for plus size individuals). The company’s value retailing ventures include Big Bazaar (hypermarket), Food Bazaar (supermarket) and Fashion Station (popular fashion). Till date, PRIL has secured about 10 million sq ft of retail space that will be operational by end of 2008. With a customer base of 12 crore Indians, the company has an employ strength of over 12,000 people.
PANTALOONS: INDIA’S FAMILY STORE

Pantaloons is the company’s departmental store and part of lifestyle retail format. In fact, PRIL took its initial steps in the retail journey by setting up the first Pantaloons store in Kolkata in 1997. It is the pioneer of retail revolution in Kolkata with three Mega Stores (Camac Street, Gariahat and Kankurgachi) and four Factory Outlets (Behala, Lindsay Street, Howrah and City Centre). In a short time Pantaloon has been able to carve a special place for itself in the hearts and minds of the aspiring Indian customers.

Pantaloons Camac Street (Kolkata) achieved a sales figure of Rs.1 crore in a single day, which is the largest sale achieved by any lifestyle store in India, with more than 42,000 buyers visiting the store.

DIVISION OF APPAREL CATEGORIES

PRIL practices category management in Pantaloon showrooms. Pantaloon has the following categories in apparel:

Men’s wear
- Men’s formal
- Men’s casual
- Men’s ethnic
- Men’s Denims

Ladies wear
- Ladies Ethnic
- Ladies Western

Kids wear
- Infant wear
- Boys
- Girls

NATIONAL & PRIVATE BRANDS IN EACH CATEGORY

At Pantaloons Camac Street, 60% of the merchandise stocked is that of private labels and the rest is national labels. However, in the Gariahat outlet, 80% of the merchandise are all private labels.

In the men’s category, Pantaloons has the following national and private labels:

MEN’S WEAR - FORMAL
National Labels – Blackberry, Provogue, Indigo Nation, Turtle, Shapes, Raymonds, Prank, Scullers

Private Labels – John Miller, Lombard

MEN'S WEAR – CASUAL

National Labels – Adidas, Nike, Reebok, All, Stori
Private Labels – Bare Leisure, UMM, Rig, Ajile

MEN'S WEAR – ETHNIC

Private Labels – Akkriti, Manyavar

MEN'S WEAR – DENIM

National Labels – Lee, Wrangler, Pepe, Moustache, Lee Cooper
Private Labels – Bare

In the women’s category, Pantaloons has the following national and private labels:

LADIES WESTERN WEAR

National Labels – Upper Class, U Dare, Jean Paul, Pepe, Lee, Scullers For Her, Miss Unique, Jealous

Private Labels – Honey, Bare, Annabelle, UMM, Rig, Ajile

LADIES ETHNIC WEAR

National Labels – Biba, W's
Private Labels – Akkriti

In the kid's wear category, Pantaloons has the following national and private labels:

KID'S WEAR

National Labels – Gini & Jony
Private Labels – Disney, Bare, No Rules, Chalk Boys, RTPL

Of the above labels, the highest selling National labels are:

Men’s Wear – Turtle (Formal), Moustache, Stori (Casual), Pepe (Denims)

Women’s Wear – Biba (Ethnic)

Kid’s Wear – Gini & Jony

Of the above labels, the highest selling Private labels are:

Men’s Wear – John Miller (Formal), Bare (Casual, Denim)

Women’s Wear – Akkriti (Ethnic), Honey, Bare, Annabelle (Western)

Kid’s Wear – Bare, RTPL (Infant)

SEASONAL COLLECTIONS
In the Private Labels, Pantaloons introduces 3 collections in a year as per the different seasons. They are:

- Summer Collection
- Puja Collection
- Winter Collection

In 2005, the summer collection was called "Whites & Lights" and the colours primarily used were white and pastel shades.

The 2006 summer collection is called "Lemon Mirchi Collection" where the focus is on colours like yellow and green. Pantaloons change its merchandise every month.

**PROMOTION SCHEMES**

The Head Office in Mumbai mostly directs the promotions carried out by Pantaloons. Advertising and Promotions are primarily carried out for the private labels only. Some of the advertising media used are –

- Billboards
- Magazines
- Newspapers
- Internet
- Sponsorship of events like Ms. India Pageant

The Visual Merchandising of the store highlights the in-house merchandise of the current season.

Pantaloons offer discounts on its products bi-annually. Although the discount is offered both on National and Private Labels, the discount percentage is higher on the private labels. They also have a special weekend offer for 3 days wherein discounts are offered to the customers. This is done once a year.

Shoppers who spend over Rs.2500 at Pantaloons become members of the Pantaloons Green Card Loyalty Program, which is a popular way of customer retention.

**Bare**

This brand focuses on the production of casual wear and sports wear and basically targets youth and the working section because of their inclusion of vibrant colors for their products. This in-house brand has a great market hold giving around 12% to 15% to its total annual sale. Their designs are all time wearable kind.
It also produces a line of formal wares but still their production rate is not that high. This brand has the concept of serving for the moments as required. Their product line includes

- Jeans ranging from Rs.800/- to Rs.1200/-
- Tee-shirts ranging from Rs.200/- to Rs.600/-
- Sports wear ranging from Rs.400/- to Rs.700/-
- Formal shirts ranging from Rs.300/- to Rs.700/-
- Trousers ranging from Rs.500/- to Rs.900/-
- Skirts ranging from Rs.400/- to Rs.800/-

**John Miller**

This is an established in-house brand of Pantaloons Ltd. The customers targeted here is the working class, but basically the male population. The designs given to the brand are quite presentable and suitable to the working ambience. Their product line includes

- Formal shirts ranging from Rs.800/- to Rs.1200/-
- Formal pants
- Trousers Rs.800/- onwards
- Skirts Rs.700/- onwards

**DJ & C**

This brand is positioned as the flagship brand of fashion station and is endorsed by the famous personality from film industry "Himesh Reshamiya". This brand generally focuses on the casual wares for the boys section. It generally targets people from low income to middle income group. Their product line includes

- Tee-shirts ranging from Rs150/- to Rs.300/-
- Jeans ranging from Rs.200/- to Rs.600/-
- Caps ranging from Rs.100/- to Rs200/-

**Few of Pantaloons initial Private Labels includes:**

<table>
<thead>
<tr>
<th>Private label</th>
<th>Year of launch</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pantaloons trousers</td>
<td>1987</td>
<td>Mens Wear</td>
</tr>
<tr>
<td>Bare Jeans</td>
<td>1991</td>
<td>Jeans, shirts, knit wear, gaberdines, jackets and other accessories</td>
</tr>
<tr>
<td>John Miller</td>
<td>1995</td>
<td>Shirts</td>
</tr>
<tr>
<td>Shristhii</td>
<td>1998</td>
<td>Ladies wear</td>
</tr>
<tr>
<td>Scotsville</td>
<td>1999</td>
<td>Winter wear- sweaters, cardigans and blazers</td>
</tr>
<tr>
<td>Annabelle</td>
<td>1999</td>
<td>Ladies western wear</td>
</tr>
<tr>
<td>Ajile</td>
<td>2000</td>
<td>Sports wear</td>
</tr>
</tbody>
</table>
Other Private Label in the apparel segment includes RIG, Euforia, JM Sport, Akkriti, Ghagroos, Arabesque, Honey, Chalk, F, Lombard.

**TRENT LIMITED - WESTSIDE**

Established in 1998 Trent Ltd. operates Westside, one of India's largest and fastest growing chains of retail stores. Trent Ltd., with a turnover of Rs. 246.1 crores (FY 2004 – 2005) currently operates 20 stores in the major metros and mini metros in India.

High quality, latest in-style products, international shopping experience and value for money pricing—that's what Westside provides to the shoppers at their stores. In a crowded market, Westside has created a loyal following with its own brand of merchandise, which is both trendy and individualistic. Almost everything at Westside is exclusively designed for Westside. The range is changed frequently with new introductions every week. Boasting of a variety of designs and styles, the merchandise at the Westside stores are an exciting mix with a range extending from stylized clothes, footwear and accessories for men, women and children to well-co-coordinated table linens, artifacts, home accessories and furnishings. Well-designed interiors, sprawling space, prime locations, lovely coffee shops add to the customers' shopping experience.

In a market already crowded with retailers, all of them following the model of multi-brand retailing, with minimal trust on private label, this new format appeared a definite loser. Even Pantaloon, which was a private label retailer, had started introducing external brands in some categories. In this scenario, the stand taken by Westside was really fraught with risk. For a while company faced the music: the stock markets dumped the stock, the company reported losses from operations for several quarters and even customers found it difficult to digest the fact that no well known national labels were available at Westside stores. The worst behind them the company has bounced back and it's in much robust form.

Westside continues to Zero in on the customer. It has reduced its response time substantially, the results of which are already visible in their performance. Arising from a better understanding of the customer is the sharpening of the sourcing practice of the company especially for a private label operator. It was important to give the right quality at the right price to the consumer. Since the company had just one store for a long time. There are four pillars to success— style, affordability merchandise for each member of the family and a great shopping experience. While the last two principles were within control the first two took time to materialize. The company first decides what price the consumer is willing to pay for the
product, which is the MRP, and then go back to the market to decide how the company can make money at that price.

Besides affordability the company has made major headway in style. Great emphasis is laid on regional styles and fashion. Eg: the Westside store in Kolkata has a huge saree department, which is not there in other stores. The company recognizes regional differences.

The next step was to strengthen sourcing base. As the company expanded its operations the merchandising team started working with vendors. It took two years to consolidate vendor base. Today the company is in a position to react to the market efficiently and immediately. A conscious effort is made by the company to give value for money.

Integration became the main operating policy. The increasing homogeneity between the company’s internal and external face is visible in the robust performance of the company in the last few quarters. Trent has been able to break even in its retail operations in 2001-02 and its turnover has seen a 72 % increase in the last year.

NATIONAL & PRIVATE BRANDS IN EACH CATEGORY

At Westside Camac Street, 80% of the merchandise stocked is that of private labels and the rest is national labels. However, in the Gariahat Mall outlet, 90% of the merchandise are private labels.

National brands are stocked mostly in those categories where the customers have a strong brand association. For example, if a customer wants to buy a pair of jeans, he would prefer a Levis rather than a Westside Label.

The concept of a Store Label can be applied to Westside because some of the apparel sold here is under the ‘Westside’ Label.

In the men’s category, Westside has the following national and private labels:

MEN’S WEAR - FORMAL
National Brands - Blackberry, Provogue
Private Brands – Richmond, Ascot

Richmond is known as a ‘value brand’ where the shirts are priced at Rs. 399 onwards. Ascot is a ‘premium brand’ and the price ranges from Rs. 899 –1299.

MEN’S WEAR –REGULAR/ CASUAL
National Brands – Lee, Levis, Pepe, Killer
Private Brands – Westside
The regular or casual wear section targets the young employed people and mainly has T-shirts and cotton trousers under the Westside label.

MEN'S WEAR – YOUNG MEN'S FASHION
Private Brands – 2 Fast for U
This label offers men's casual wear, club wear, party wear and gym wear. This range targets people falling in the age group of 16-28 years. The T-Shirts in this range are priced between Rs.199-799, and the shirts between Rs.499-1099.

MEN'S WEAR – ETHNIC
Private Brands – Westside
In the women's category, Westside has the following national and private labels:

LADIES WEAR – WESTERN (Casual)
Private Brands – Stone River Classics (SRC)

LADIES WEAR – WESTERN (Formal)
Private Brands – Westside
SRC offers women’s casual wear, club wear and party wear. It targets young girls between 15-28 years, college students etc. people who buy the Westside western wear are older than the customers of the SRC segment.

LADIES WEAR – ETHNIC
Private Brands – Westside, Kashish
In the Kids category, Westside has the following national and private labels:

KIDS WEAR – BOYS
Private Brands – Street Blues

KIDS WEAR – GIRLS
Private Brands – Urban Angels
The kids section offers gym wear, party wear, casual wear, regular wear etc. It targets senior boys and girls in the age group of 7-14 years.

Of the above labels, the highest selling national label is Pepe in the denim's category. In the men’s section, regular/ casual wear is the biggest department, value-wise. In the women’s section, ethnic wear sells the most followed by SRC and the formal wear section.

SEASONAL COLLECTIONS
Westside launches 2 collections a year as per the different seasons i.e.:

• Spring - Summer
• Autumn – Winter
Westside changes its merchandise every week.

**PROMOTION SCHEMES**

The Head Office in Mumbai mostly directs the promotions carried out by Westside. However, they are also adapted to the local festivals of the individual city. Advertising and Promotions are primarily carried out for the private labels only. Some of the advertising media used are –

- Billboards
- Magazines
- Newspapers
- Internet
- Sponsorship of events like fashion shows

The Visual Merchandising theme is sent by the head office in Mumbai and is incorporated in every store. The emphasis is on the in-house merchandise of the current season. Promotions in Westside are offer-driven and experience-driven. It offers discounts on its products at the end of every season i.e. twice a year. During festivals like Puja and Diwali there are various schemes and offers on the products. Events are held during Christmas and carnivals are organized in summer for kids. Westside places a lot of emphasis on local festivals like Poila Baishakh and Jamai Sashti during which special events take place.

Westside has a loyalty program called a Club West. It is point-based system and consists of a two-tier program – Club West Classic & Club West Gold.

**Shoppers' Stop: Feel The Experience While You Shop**

The foundation of Shoppers' Stop was laid on October 27, 1991 by the K. Raheja Corp. group of companies. From its inception, Shoppers' Stop has progressed from being a single brand shop to becoming a Fashion & Lifestyle store for the family. Today, Shoppers' Stop is a household name, known for its superior quality products, services and above all, for providing a complete shopping experience. With an immense amount of expertise and credibility, Shoppers' Stop has become the highest benchmark for the Indian retail industry. In fact, the company’s continuing expansion plans aim to help Shoppers' Stop meet the challenges of the retail industry in an even better manner than it does today.

Shopper’s Stop believes that delighting customers is the key to being a successful retailer, and hence have built their business around their customer. The offering to their customers is a unique shopping experience, comprising of a vast range of lifestyle merchandise, various services and aspirational products made available to them in a world class shopping
environment and complemented by superior customer service. They benchmark themselves with global retailers, and strive to enhance their service offering in line with the emerging trends globally. They have a range of branded and own label apparel, footwear, perfumes, cosmetics, jewellery, leather products and accessories, home products, books, music and toys in their stores. This is complemented by cafe, food, entertainment, personal care and various beauty related services. Promotions and events are an integral part of their service offering to their customer, which helps them create a unique shopping experience. Their loyalty program, called First Citizen Club, currently has over 410,673 members. First Citizens accounted for about half of their sales in year ended March 31, 2004. They offer their First Citizens rewards points on their purchases, special offers and discounts, and invitations to exclusive events and promotions. It is the only members from India of the Intercontinental Group of Departmental Stores, (IGDS). IGDS, headquartered in Switzerland, is an international association of department stores enterprises who, in order to increase their economic efficiency and productivity, have agreed to closely cooperate on mutual know how accumulation, networking and joint services in respect of various issues relating to the department store industry.

Shoppers’ Stop business has grown from one store in Mumbai in 1991 occupying an area of 2,800 sq ft to 16 stores located in the cities of Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Pune, Jaipur and Gurgaon occupying an aggregate area of 752,848 sq. ft. They operate four distribution centers in Mumbai, Delhi, Kolkata and Bangalore, which service their stores across the country.

DIVISION OF APPAREL CATEGORIES

Shoppers’ Stop practices category management in the following categories in apparel:

Men’s wear
- Men’s formal
- Men’s casual
- Men’s ethnic

Ladies wear
- Ladies Western
  - Casual wear
  - Formal wear
- Ladies Ethnic

Kids wear
• Infant wear (0-2yrs)
• Kids (0-8yrs)
• Pre-Teens (8-14yrs)

NATIONAL & PRIVATE BRANDS IN EACH CATEGORY

At Shoppers' Stop, 60% of the merchandise stocked is that of national labels and the rest is private labels.

In the men's category, Shoppers' Stop has the following national and private labels:

MEN'S WEAR - FORMAL
National Brands – Austin Reed, Van Heusen, Arrow, Louis Philippe, Scullers, Zodiac, Excalibur, Allen Solly, Black Berry's, Shapes, Park Avenue, Provogue, Turtle, Stori
Private Brands – Vittorio Fratini, Acropolis

MEN’S WEAR - CASUAL
National Brands-- Tuscan Verve, Weekender, Tantra, Spykar, Lee, Wrangler, Jealous, Pepe, Levis, Lee Cooper, Killer, Nike, Reebok, Adidas, Wills, Indian Terrain
Private Brands – Stop, Life, Mufti, Mario Zignoti

MEN’S WEAR - ETHNIC
National Brands-- Gatha, Libas
Private Brands – Kashish

The prices of the private labels range from Rs.500-3000 and that for national labels starts from Rs.800 and go up to Rs.3000.

In the women’s category, Shoppers' Stop has the following national and private labels:

WOMEN’S WEAR – WESTERN (Formal)
National Brands – Black Berry’s, Allen Solly, And, Insence
Private Brands – Eliza Donatein, Stop, Life

WOMEN’S WEAR – WESTERN (Casual)
National Brands – Free Look, Wills Sport, Weekender, Union Bay, One, Tangle, Vibe
Private Brands – Stop, Life

WOMEN’S WEAR – ETHNIC
National Brands – Biba, Ishvarah, Praful, Garden, Hakoba, Modern Silk house
Private Brands – Kashish, Stop
The western wear is priced between Rs.300-1500 and the prices of the ethnic wear start from Rs.500 for the private labels and Rs.1000 for the national labels.

In the kids wear category, Shoppers’ Stop has the following national and private labels:

**KIDS WEAR – INFANT (0-2YRS)**
- National Brands – Little Kangaroo, Zero, Mohit, Disney Babies, Kids' Studio
- Private Brands – Stop

**KIDS WEAR – (0-8YRS)**
- Private Brands – Stop

**KIDS WEAR – PRE-TEENS (8-14YRS)**
- Private Brands – Stop

**SEASONAL COLLECTIONS**

Shoppers' Stop launches 2 collections a year as per the different seasons i.e.:
- Spring - Summer
- Autumn – Winter

**PROMOTION SCHEMES**

The Head Office in Mumbai mostly directs the promotions carried out by Shoppers' Stop. However, they are also adapted to the local festivals of the individual city. Advertising and Promotions are primarily carried out for the private labels only. Some of the advertising media used are –
- Billboards
- Magazines
- Newspapers
- Internet
- Sponsorship of events like fashion shows

The head office in Mumbai for uniformity sends the visual merchandising theme across the chain. Shoppers' Stop offers discounts on its products bi-annually. The discount is offered both on National and Private Labels; however the manufacturers decide the discount policies on the national labels.
Promotions in Shoppers’ Stop are done through events like the Australian Festival and Bengali New Years where different bands performed. During festivals like Puja, Diwali and Jamai Sashti there are various schemes and offers on the products.

The Loyalty Programme offered by Shoppers’ Stop is called First Citizen. It is available to customers in three variants Classic Moments, Silver Edge and Golden Glow cards offering loyalty points and exclusive shopping privileges.

**Stop**

It’s an in-house brand of shoppers stop with a great market hold giving around 11% to 13% to the total annual sale. This brand generally focuses on the youths basically between the teens and early twenties and concentrates in using bubbly and trendy colours. Their product line includes

- **Tee-shirts ranging from Rs.200/- to Rs.600/-**
- **Sweat shirts ranging from Rs.400/- to Rs.800/-**
- **Formal shirts ranging from Rs.400/- to Rs.900/-**
- **Trousers ranging from Rs.800/- to Rs.1800/-**
- **Skirts ranging from Rs.800/- to Rs.1500/-**

**Life**

This brand just adds colors to your wardrobe and the type of designs and colors they use depicts this. This brand helps in targeting the trendy youths of flamboyant cities. It consists of a special line for party wears which are elegant in design, striking in colour, satisfactory and praisable. Their product line includes

- **Tee-shirts ranging from Rs.200/- to Rs.400/-**
- **Vests ranging from Rs.250/- to Rs.400/-**
- **Skirts ranging from Rs.400/- to Rs.900/-**
- **Cargos ranging from Rs.600/- to Rs.1200/-**
- **Trousers Rs.1000/- onwards**
- **Shirts ranging from Rs.400/- to Rs.1000/-**
- **Tops Rs.600/- onwards**

**Comparative Analysis among Pantaloons, Westside and Shoppers’ Stop**

The main aim of this study was to bring out the differences between these retail stores in terms of:

- Assortment of private and national labels
The information was collected on the basis of interviews conducted with the retail operation executives of the different stores. On basis of the collected data, analysis was done which is given below.

Merchandise Assortments

Percentage of Private & National Labels in the Stores in 2005

Percentage of Private & National Labels in the Stores in 2007
The above graph shows the comparison between the assortment of private and national labels in the three stores, namely, Pantaloons, Westside and Shoppers' Stop. 85% of the merchandise of Westside is that of Private Labels, which is the highest among the three stores. Shoppers' Stop stocks the maximum National labels with 60% of its merchandise belonging to this category. Westside started off a store that stocked only private brands but has had to diversify to stocking national brands as well because of the consumers' preference for the same. On the other hand Shoppers' Stop started off with keeping only national brands but presently has private labels as well because of the various advantages associated with it.

### Space Allotments

The category managers, after extensive analysis, draw out the plan of procurement and negotiate with various brands (say, Color Plus, Levi's, Lee etc.) as to how much space and at how much cost such retail shelf space would be made available to them. Unlike other retail players who work on the pull of brands, Pantaloons do not have any particular allegiance to brands. The category managers’ work out the optimum mixes of brands for each of the stores that can maximize sales. Hence, it is observed that in Pantaloons there is a healthy mix of both National and Private brands, with slightly more emphasis on their private brands. In Westside maximum space is allocated to the private labels whereas in Shoppers' Stop equal weight age is given to both private and national brands.

### Manufacturing and Sourcing

In Pantaloons most of the merchandise under the private labels are produced in their own manufacturing units located in Mumbai, Tirupur etc and are also outsourced from other places.
In Shoppers' Stop, all private labels are outsourced. However quality control and pricing are dictated by the store itself.

Payment Terms

Pantaloons buy its national brands on both outright and approval basis. Margins available to Pantaloons are higher on outright basis. Most of the national brands bought by Westside are on consignment and the rest on outright basis. Apart from the above mentioned payment terms, Shoppers' Stop also buys on concessional basis.

Footfalls

In Pantaloons, the footfalls are higher by 25% on weekends. In Westside it increases by 40% and in Shoppers' Stop the footfalls are 50% more on weekends.

Promotions

<table>
<thead>
<tr>
<th>Pantaloons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seasonal Collections</strong></td>
</tr>
<tr>
<td>3 seasons – Summer collection</td>
</tr>
<tr>
<td>Puja Collection</td>
</tr>
<tr>
<td>Winter collection</td>
</tr>
<tr>
<td><strong>Promotions</strong></td>
</tr>
<tr>
<td>Bi-annual sales</td>
</tr>
<tr>
<td>Offer Driven Promotions</td>
</tr>
<tr>
<td><strong>Loyalty Programme</strong></td>
</tr>
<tr>
<td>Green Card</td>
</tr>
<tr>
<td>One star card -1 point for Rs. 50</td>
</tr>
<tr>
<td>Three star card -1 point for Rs.40</td>
</tr>
<tr>
<td>Five star card -1 point for Rs.25.</td>
</tr>
<tr>
<td>Points redeemed only on Private Labels</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Westside</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seasonal Collections</strong></td>
</tr>
<tr>
<td>2 seasons – Spring- Summer Autumn- Winter</td>
</tr>
<tr>
<td><strong>Promotions</strong></td>
</tr>
<tr>
<td>Bi-annual sales</td>
</tr>
<tr>
<td>Experience Driven Promotions</td>
</tr>
<tr>
<td><strong>Loyalty Programme</strong></td>
</tr>
<tr>
<td>Club West</td>
</tr>
<tr>
<td>Classic card- 1 point for Rs.50</td>
</tr>
<tr>
<td>Gold card- 1 point for Rs.40 spent.</td>
</tr>
<tr>
<td>Points redeemed on Private and national labels.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shoppers' Stop</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seasonal Collections</strong></td>
</tr>
<tr>
<td>2 seasons – Spring- Summer Autumn- Winter</td>
</tr>
<tr>
<td><strong>Promotions</strong></td>
</tr>
<tr>
<td>Bi-annual sales</td>
</tr>
<tr>
<td>Experience Driven Promotions</td>
</tr>
<tr>
<td><strong>Loyalty Programme</strong></td>
</tr>
<tr>
<td>First Citizen</td>
</tr>
<tr>
<td>Classic Moments- 1 point for Rs.100</td>
</tr>
<tr>
<td>Silver Edge- 2 points for Rs.100</td>
</tr>
<tr>
<td>Golden Glow- 3 points for Rs.100</td>
</tr>
<tr>
<td>Points redeemed on Private and national labels.</td>
</tr>
</tbody>
</table>

Customer Awareness

In Pantaloons majority of the customers are not aware of the distinction between the private and the national brands. However the members of the Green Card Loyalty Programme are aware of the same since point redemption is only on the private labels and 30% of the total...
sales are through them. The customers know Westside as the store stocking private labels only; hence they are familiar with the different brand names. Shoppers' Stop does not emphasize on distinguishing its private labels from its national labels. However the regular customers can make the differentiation over time between the two. 50-60% of the sales are made by the First Citizen Card holders in Shoppers Stop.

Trends

In Pantaloons, the demand has been increasing towards Private brands like John Miller and more people have become aware of in-house brands like Bare Denims. The discount offered by them during sales is higher on private labels because of the absence of distribution channels, which leads to lowering of costs. According to Shoppers' Stop, the consumers don't look for labels, they are more particular about the design and their purchase is based on design rather than the brand preference. Most of the merchandise of Westside comprises of private labels hence it has carved a niche for itself in this segment. However they have also diversified to national labels because of growing demand by the customers.

So it is very hard to suggest the retailers that whether it will be better to store national brands or better to store manufacturer's brand or both and if they are storing both what should be the percentage ratio between them. But we can suggest the following checklist for the retailers if they are storing both:

- If the retailer is storing only store labels then he should try to build up the corporate image of the store and the brand equity of the store should be enhanced rather than the brand image of the assortment. The retailer should strictly follow integrated marketing communication.
- If the retailer is storing national brands only, then the promotional budget should be curtailed upto a certain limit and the main promotional objective should be to make the target segment aware of the availability of the brand in the store. The brand image of the product offerings adds on the brand image of the store.
- If the store is stacking both the store and the national labels in their portfolio then they should make a very meticulous selection of the assortments. Overlapping of the segments and cannibalization of the brands are the two aspects that should be taken care off. The main differentiator should be that a large variety of merchandise and wider mix is offered to the shoppers.
A question was put to the shoppers about whether they know about the following terminology of national, manufacturer or store brand and their meaning. It was been found that sixty percent of the shoppers do not know about it and even if they had heard they does not know the real meaning. Only twelve percent of the customers know about it and their purchase decisions are effected by the awareness. Twenty-eight percent of the shoppers are not bothered about it, as because they feel that as long as quality and other attributes are fulfilled by the brand they are not concerned about whether they are buying national or manufacturer's brands.

The new generation of people consisting of college going students, youths from the age group of sixteen to twenty-five is now talking about disposable fashion. This new segment wants readymade garments at lower prices, which they can wear only for few occasions and can dispose of their clothes after the usage; it will not be a part of their wardrobe. But the garments have to be trendy and fashionable with latest designs and above all should fit into the occasions. In USA somewhat this type of category is called Street Wears and in India upto a certain extent it is being marketed only by MTV and in the unorganised sector on the footpaths of shopping zones.

This is a large and untapped market in India, where the retailers can only tap the market, by storing low-end store brands because with the national brands the product offerings will be more expensive and the concerned segment cannot be catered.

In the below charts five differentiating aspects were compared between the in-house brands and the national brands in the balanced scale of very unimportant to very important.
**COLOUR**

![COLOUR Graph]

1. Very Un-important
2. Un-important.
3. Neither Imp. nor Unimportant
4. Important
5. Very Important.

**BRAND NAME:**

![BRAND NAME Graph]

1. Very Un-important
2. Un-important.
3. Neither Imp. nor Unimportant
4. Important
5. Very Important.
### DESIGN:

![Bar Chart](chart)

1. Very Un-important
2. Un-important
3. Neither imp. nor Unimportant
4. Important
5. Very Important

<table>
<thead>
<tr>
<th>NATIONAL BRAND</th>
<th>IN-HOUSE BRAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PANTALOONS</strong></td>
<td>LEVI'S, BLACK BERRY, COLOR-PLUS, PEPE</td>
</tr>
<tr>
<td></td>
<td>BARE, JOHN MILLER, DJ &amp; C, KNIGHTHOOD,</td>
</tr>
<tr>
<td></td>
<td>AJILE, PANTALENGTH, SHRISTI, ANNABELLE</td>
</tr>
<tr>
<td><strong>SHOPPER'S STOP</strong></td>
<td>PROVOGUE, COLOR-PLUS, ARROW, LEVI'S,</td>
</tr>
<tr>
<td></td>
<td>ZODIAC, VELTORIO FRATINI</td>
</tr>
<tr>
<td></td>
<td>SCULLERS</td>
</tr>
</tbody>
</table>
**CONCLUSION**

Indian retailers are just beginning to realise the power of private label programmes. They have now introduced their range of products across different formats and categories.
In the Indian context, where the manufactured brands have yet to establish themselves in a large number of categories and in other segments, where the market is flooded with 'me too' brands, private label products present a good opportunity to retailers. Retailers can capitalise on low brand penetration in certain categories to launch a private label, which differentiates them. And in overcrowded categories, they can provide products, which appeal to the value-conscious Indian consumer. The road ahead for private label is untrodden, but at the same time, it offers retailers a golden opportunity.

The main challenge which most of the retailers having multi brand outlets face regarding their merchandising is that what amount of shelf space should be allotted to the brands. The more powerful national brands the retailers are dealing with, the more percentage of space has to be allotted to the brand as because the main bargaining power lies with the brand manufacturers. Next the question comes about the categories and sub categories to be stored and what amount of product depth and width has to be maintained. So it is always advisable to the retailer merchandisers that while making their calendar plan for every category a proper watch should be kept on the movement of the merchandise in the last season and for which a sound system of fashion forecasting is very much required. Sometimes the retailers make a mistake of not storing popular categories in the product depth of a brand, as a result they not only create a dissatisfied for own store but also create a discontented customer for the brand. As a result when a policy making goes on regarding the ratio between the national and store brands, every minute detail regarding the merchandising have to be covered up.