Abstract
The increasing competition in the global market has directed to develop strategies both to continue operating and to obtain a greater share from the market. In this process private label brands have emerged alongside manufacturers brand in the retail market. The aim of this study to know the reasons for growth of private labels in India. To understand the marketing mix strategy for private label brands. This study also helps in understanding the implications for retailers.

Keywords: Private Label (PL), Manufacturer Brand, Consumers

Introduction
India retail industry is the fifth largest in the world with a size of $35billion and is growing at 12% per annum. As per KPMG report on consumer market in India, the organized retail currently accounts to 3 to 4 percent of the retail market in India. The sector accounts to $180billion market and six times bigger than countries like Thailand. The Indian retail industry is dominated by unorganized sector mainly Kirana and mom-pop stores on which consumers heavily rely for their daily needs who offer more than just goods by connecting with the customers on a personnel level. Private Labels are child of big retailers such as Future group, Reliance, Aditya Birla Group and so on.

Private Label
Private Label (PL) are traditionally defined as generic product offerings that competed with the national brands by the means of price-value proposition. PL are those manufactured or produced by company under another company’s brand. These are promoted within the store and are never sold outside. In order to obtain competitive advantage, to increase their market share and profit margin and to obtain loyal customers, retailers develop their own private brands for products or product lines (Davies, 1998). These PL produced by retailers are observed in especially in the food sector and occupy an increasingly larger space in the stacks of the product groups with high purchasing frequency (Anonim, 2003). The food category accounts for 76 percent of the total sales in PL. In non food category, household cleaners hold the top position, accounts for nearly half (48 percent) of PL sales (Nielsen Study, 2013).
The major elements of the PL brands are rational and emotional appeal. Rational appeal includes marketing mix strategy while an emotional appeal includes communication with consumers.

Private Labels are Fast Catching Up
PL have clearly become a more instrumental priority for today’s retailers. They 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 traditionally been dominated by national brand players. The trend of PL is growing among Indian retailers such as Shopper’s Stop, Future Group, Aditya Birla Retail and Tata’s Croma. The reason why PL are so appealing for retailers is the fact that they offer two to three times higher profit margin compared to national brands, mostly as result of reduced costs in packaging, product design and advertising support (Klie, 2005). At the same time PL are also sold at an average price around 21 percent lower than comparable national brands (Batra and Sinha, 2000), as “one common motivation for retailers to offer private labels is to provide saving to consumers” (Liu and Wang, 2008).

In many instances PL have surpassed a national brands capacity to deliver on visibility, consumer interest, involvement and appeal. Due to rapid technological and socio-economic changes over the last few years have affected the buying behavior pattern of consumers. They have not only created new labels but have customized and localized those products to suit the Indian tastes. PL 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 drivers a key point of departure to enhance and celebrate the overall retail brand proposition to keep consumers coming back for more.

Retailers are beginning to realize that they cannot simply rely on national branded products to draw consumers into their stores and sustain loyalty. For example Food Bazaar of Future Group created Tasty Treat brand under the FMCG section. It created offering relevant to different regions and states with different curries, biscuits, corn flakes, noodles under this brand. It entered the personal care segment with the Sach brand of toothpaste and Caremate brand for the home care segment. It also has several PL in apparels and consumer durables.

Most retailers are providing branded products that emulated manufacturer’s product in terms of quality and price and at the same time are delivering much better margins. The retailers have come out with PL in each and every category of products being sold in a departmental store or hyper market. For most retailers 20-30 percent of overall sales come from PL brands. Shopper’s Stop launched its first PL ‘STOP’ in 1994 and since then added around 10 exclusive brands. It forms about 17 percent of Shopper’s Stop total range.

With growing levels of disposable incomes, consumers are far more to experimentation of modern trade; the perceptions about shopping have changed. Rather viewing shopping as a chore, more and more Indians are finding it more pleasurable experience. The consumers choose PL in certain categories because of the assurance the get from knowing that they can interact directly with the retailer during their shopping trip. This was one of the reasons why Tata’s launched its own label consumer durable retail venture Croma in 2008.

The consumer perception behind buying PL brands depends on demographic factors, individual difference variables like extrinsic cues, level of perceived risk and degree of knowledge. Besides higher margins, the success factors for PL brands are point of parity and point of difference, freedom from pricing strategy and customer loyalty.

Marketing Mix Strategy for Private Labels
Prior to the launching of a new private label product, the marketing manager has to weigh the behavioral forces and then juggle marketing elements in his marketing mix with a keen eye on the available resources (Borden, 1964). In other words, the marketing mix should fit simultaneously in current and future requirements.

A core concept in the marketing strategy is the marketing mix. The four main fields of the marketing mix are: Product Price Place Promotion. The marketing mix elements demonstrate the efforts that a marketer could implement in order to adopt its offering to customers’ needs and wants. In particular:
Product:
- Quality of product should be better than manufacturer brand
- Increased focus on product presentation
- Improve private label positioning in the shelf space

Price: Consumers use price as an important intrinsic cue and indicator of product quality or benefits (Yoo et al., 2000). However, although price implies high quality it does not necessarily create loyalty to the brand. However, brand loyal consumers are willing to pay the full price for their favorite brand because they are less price-sensitive than non-loyal consumers are (Yoo et al., 2000). These statements are true in the case of private labels too. Therefore, marketers should bear in mind these factors when they formulate the PL pricing policy.
- Private label brands should be priced lower than the current strategy (15-20% lower)

Place: Distributing a product or service through good image stores signals that a brand is of good quality too (Yoo et al., 2000). Furthermore, good store image has a positive effect on perceived quality (Yoo et al., 2000). The scope of distributing a private label product through the premises of a good reputation retailer will create more positive brand associations for the retailer as a brand and not only for the product.
- Increase availability in terms of number of stores
- Should target middle income and lower income group of customers

Promotion: In the case of private labels, advertising plays a pivotal role in creating brand awareness and creating brand associations. Associations can be built either with the retailer’s brands or with the product itself. (Hauser and Wernerfeldt 1990), support that repetitive advertising increases the probability that a brand shall be included in the considered in consumers’ consideration set.
- More focus on in-house promotions
- Low cost promotion like SMS and Emails
- Loyalty programs

Marketers should take into consideration all factors mentioned above when designing the marketing mix for a new private label product or in cases of re launching of a product.

Implications for Retailers
1. **Synergetic category management is indispensable:** Category management is helpful for retailers to realize that PL brands have its own goals and aspirations. It needs a unified relationship with manufacturers or suppliers. There should be collaboration in understanding and deciding how to optimize the product lines that will increase the category definition as a whole.
2. **Remember that a notable consumer need should be a beginning point for a PL brand proposition:** the PL brand promise should convey a holistic representation of powerful functional and emotional attributes and benefits. This assures that consumer needs are important and provide credible point of difference with other players.
3. **Balance the PL brand promise and proof in the product:** It is pertinent to understand how package design, name and product strategy can drive and support the retailer vision for their PL brand promise. However attractive packaging design is not enough to attract today’s shopper. It must have some reasons offered to consumer to pick a specific product from shelf. Product quality and innovation is a necessary base for a PL brand offering
4. **Do not underestimate your power to influence and retain consumer connection:** A successful PL brand has an ability to make and retain consumer connection. They have a power that attracts consumers into one specific retail store over another.
5. **Maintain a balance of parity and differences with brand message and portfolio offerings:** Brand architecture is crucial for PL brands promotion. When the brand proposition is strengthen, the brand architecture strategy helps decision makers to promote their promise at the retail store level in order to end the sense of parity, trust and recognition.
Advantages of Private Label

PL merchandise, however, is slowly moving away from being considered solely as a cost savings to consumers over national brands. Once viewed as second-class alternatives, they are now bridging this gap by delivering quality comparable with national brands.

Substantially higher margins than brand name products
- Greater freedom with pricing strategy
- Freedom to create your own marketing plans
- Retailers can increase sales
- Retailers have control over the store inventory
- Create a positive image of store among customers which will lead to customer loyalty
- Reduce dependence on brand names for sales
- Positions the store better in tight economy
- After building customer loyalty for months, the customer won’t turn around and purchase the same products from elsewhere because they are only available at your store.

Conclusion

As the industry continues to grow, there is a rapid acknowledgement of PL brands because of the attractiveness that they offer to retailers. There has been a change in mindset about the role and requirement for today’s PL brands. Their strategic growth in the current scenario should be directed along the lines of consumer perceptions. Category management and brand management should work together to fuel the marketing strategy. Both point of parity and point of difference set the PL brands apart in consumers mind.

When PL brands are appropriately created and steered, they have the potential to achieve the success. In doing so they develop a persuasive connection with consumers, drawing them into a retail store. In the long term, the growth strategy of PL brands should be based on the combined view of consumers and retailers.

References: