

Semester: Dec 23 to Apr 24		
Maximum Marks: 25 Examination: ETE Exam Date: 25-04-2024 Duration: 1.5 hours		
Programme code: 17 Programme: PGDM EXE	Class - SY	Semester/Trimester: III
College: K. J. Somaiya Institute of Management	Name of the department/Section/Center: Marketing and International Business	
Course Code: 117I17E309	Name of the Course: Retail Marketing & Distribution Management	
Instructions: i) Q 1 is compulsory ii) Attempt ANY ONE from Q 2 & Q 3		

Question No.		Max. Marks
Q 1	<p>Case:</p> <p style="text-align: center;">How Private Labels are Outselling Established Brands</p> <p>Over the past few years, the growth in the private label space has increased significantly as retailers launched new home-grown brands in search of better margins and higher sales. From physical retail majors such as Reliance Retail, Spencer's, Croma, Vijay Sales, Westside, Shoppers Stops etc. in India to e-commerce players like Bigbasket and Purple.com and many others, everyone is churning out private labels like their survival depended on it.</p> <p>Well, data shows that growth, at least, is much shinier when private labels are in the picture. As per a report by professional services firm KPMG and industry body Retailers Association of India (RAI), the organized retail market in India is growing at 19 per cent CAGR since 2016, while the growth rate for private labels during the same period stands at a remarkable 38 per cent. Comparatively, the rate of growth for India's overall retail market (including organized and unorganized) is 12 per cent. As a result, private labels are estimated to grow into a Rs 2.94-lakh crore market in 2024—up from Rs 42,000 crore in 2016.</p> <p>Both experts and industry insiders are of the opinion that the surge in retailers' push for private labels would find its roots in higher sales growth and the better margins that in-house brands offer. Data from the KPMG-RAI report shows, private labels offer 40-175 per cent higher margins compared to regular brands that retailers sell in their stores and digital platforms. The numbers are slightly lower for segments such as wellness and grocery—private label brands offer margins of 25 per cent and 14 per cent, respectively, compared to 18 per cent and 10 per cent for regular brands. For segments like consumer durables and IT products, the margin is as high as 55 per cent, compared to 20 per cent for regular brands.</p> <p>Sounds great for the seller, but why is the consumer buying private labels? That, says Harish Bijoor, brand strategy specialist & owner, Harish Bijoor Consults, is due to the increasing awareness among consumers about product offerings and pricing, apart from declining brand loyalty and increasing commoditization of consumer goods. "The consumer is increasingly questioning the value that they are getting from established brands, as lookalike products are available at a cheaper rate in the form of private labels," he says. According to Harsha Razdan, National Leader—Consumer Markets, Life Sciences and Internet Business, KPMG in India, with rising disposable incomes and with online channels booming, consumers of unbranded products are rapidly switching to private label brands. This is fueling the growth of private brands—making them an attractive, affordable alternative to otherwise higher-priced branded products.</p> <p>According to Vijay Sales' Gupta, absence of intermediaries is a key factor that allows retailers to pass the additional benefits to consumers in the form of discounts that further boost the sale of private label items. The sentiment is echoed by Bigbasket's Kumar: "One of the biggest benefits that private labels offer to us is that the entire supply chain is controlled in-house, and we don't have to deal with external uncertainties of the market. Private labels also give us complete control over procurement and quality of the products, and help generate greater return on investment." KPMG's Razdan points out that retailers require almost no investment in channels to reach consumers of private labels. That's because they already have an established network across the country, which they can leverage to tap new customer segments. "Retailers can control their displays by restricting their stock best suited for their customers and are able to offer an assortment of products that are customized to their shoppers' needs at very competitive prices," he says.</p> <p>There are other things, too, that make private labels a success, apart from better value for money. According to Goenka of Spencer's,</p>	15 marks

	<p>attractive positioning and packaging of articles, affordable pricing vis-à-vis national brands, and ensuring consistent availability backed with consumer promotions across regions are crucial. Further, “strategic visibility across shelves plays a critical role in maximizing consumers’ basket contribution”.</p> <p>It’s time for the regular brands now to wake up to the challenge from their own retail partners.</p> <p>Questions:</p> <p>a) What are Private Label brands? Explain the different types of private labels with relevant examples.</p> <p>b) What are the advantages and disadvantages to retailers for launching Private Labels?</p> <p>c) From customer’s perspective, what can be the pros and cons of buying private labels? Enumerate your views.</p>	
Q 2	<p>Distinguish between ANY ONE of the following with suitable examples.</p> <p>a) Cyclical Theory vs. Environmental Theory in Retail Development</p> <p>b) Airport Retailing vs. Shopping Malls</p> <p>c) Rural Retailing vs. Global Retailing</p>	10 marks
Q 3	<p>Write short notes on ANY TWO with relevant examples:</p> <p>a) Merchandising Hierarchy</p> <p>b) Retail Pricing Strategies</p> <p>c) Artificial Intelligence in Retail</p> <p>d) Robert Blattberg’s Model</p> <p>e) Visual Merchandising</p> <p>f) Shopper Marketing</p>	10 marks