

## Private label brands retailers in India: Food and grocery sector

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### Abstract

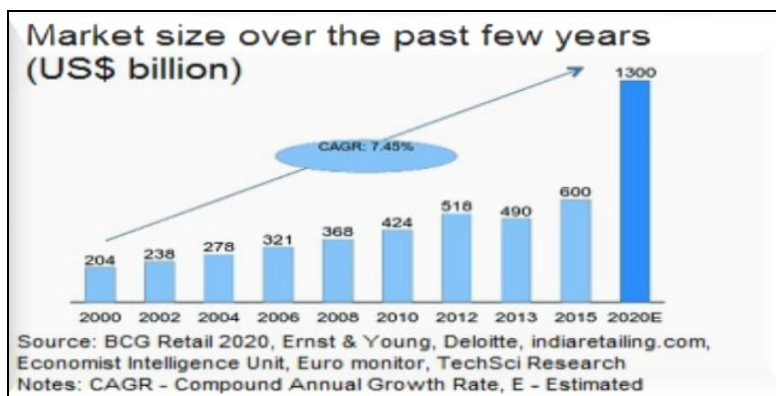
India is on the 5th position in the world for the largest retail market. The Indian retail market is very fragmented but with an improving economy and growth drivers such as favourable demographics, urbanisation and shift in consumer shopping behaviour gives an opportunity for the development of modern retail formats. The Indian retail market is expected to almost be double to US\$1 trillion upto 2020 (Source: Retail 2020: Retrospect, Reinvent, Rewrite by BCG and RAI, 2015). In Indian modern retail market, private label brand is in rising phase. The focus of the paper on the top private label brand retailers (Aditya Birla Group, Future Retail and Reliance Retail) dealing in food and grocery sector in Indian retail industry. Data is collected through various web sites and annual reports of the retail companies.

**Keywords:** food and grocery, Indian retail industry, private label brands, retail, retailers

### 1. Introduction

Indian economy is the 7th largest economy of the world in terms of GDP and on the 3rd position in terms of Purchasing Power Parity. Over the last decade, with an average growth rate of more than 7%, India is one of the fastest rising major economies in the world. Young population, corresponding low dependency ratio, healthy savings and investment rates and increasing integration of Indian economy with the global economy, these are the impressive factors, due to which, there

is a growth in Indian economy. In FY 2015-16, for the first time, India has topped the World Bank's growth outlook with the economy having grown 7.6%. Indian modern retail contributes only 10% of the total retail market in India, but there is continuously steady growth in that share (Source: Retail 2020: Retrospect, Reinvent, Rewrite by BCG and RAI, 2015). Growth in modern retail is due to favourable demographics, rising disposable income, exposure to international lifestyle etc.



Source: <http://www.ibef.org/industry/retail-india/showcase>

Fig 1: Market Size of Retail Market

Table 1: Top 5 Retail Companies in India (Market Capitalization on August 2016)

| Retail Company                  | BSE (Bombay Stock Exchange - In Crore) | NSE (National Stock Exchange - In Crore) |
|---------------------------------|--|--|
| Aditya Birla Fashion and Retail | 12,805.06                              | 12,747.37                                |
| Future Retail                   | 7,400.02                               | 7,461.29                                 |
| Trent                           | 7,128.19                               | 7,142.65                                 |
| Shoppers Stop                   | 3,227.04                               | 3,221.61                                 |
| Future Lifestyle Fashion        | 2,466.77                               | 2,465.82                                 |

Source: <http://www.moneycontrol.com/stocks/marketinfo/marketcap/bse/retail.html> and <http://www.moneycontrol.com/stocks/marketinfo/marketcap/nse/retail.html>

### 2. Objective of the research paper

The objective of the paper is to know about the major private label brands retailers in the Indian food and grocery sector.

The focus of the paper on the supermarkets. Aditya Birla Group (More for You) and Future Retail (Food Bazaar) have the outlets in supermarket form in food and grocery sector. So

these are selected and for 3rd supermarket retail outlet, Reliance Retail (Reliance Fresh) is selected because it is one of the famous retail outlets in India and listed in top retail outlets of India <sup>[10-11]</sup>.

### 3. Research Methodology

The research paper is based on secondary data. Data is collected from secondary sources like annual reports of these retail companies, money control web sites and through various other web sites.

### 4. Information about Indian food and grocery retail companies

#### 4.1 Aditya Birla Group (More)

Aditya Birla Retail Limited (ABRL - a \$41 billion corporation) is the retail division of Aditya Birla Group. In 2007, with the acquisition of Trinethra Super Retail, the company entered into food and grocery retail sectors and after that, it expanded its retail stores all over the country in two formats — Supermarkets and Hypermarkets under the brand 'More'.

#### Supermarkets

At present, there are 495 supermarkets all over the country. More Quality 1<sup>st</sup> Supermarkets is conveniently located in neighbourhoods to meet out the daily/weekly/fortnightly/monthly needs of consumers. It offers a wide range of fresh fruits and vegetables, groceries, personal care, home care, general merchandise and a basic range of apparels.

#### Private Label Brands

VOW, Kitchen's Promise and Feasters —these are the in-house brands which deliver world-class quality to consumers. In-house brands are available across various categories like Prarthana, More Choice, More Daily, More Life, Bluearth, Karinee, Kruff, Incheels, TRU, Chatter Kids and Yo.

ABRL is the first Indian food and grocery retailer to receive the certificate of Food Safety Management System (FSMS). The award is given for the high quality standards in manufacturing, storage, distribution and sales of food. For the world class quality, The Aditya Birla Science and Technology Centre is set up in Taloja for research and development.

#### 4.2 Future Retail (Food Bazaar)

The combination of businesses of Future Retail Limited and Future Enterprises is leading in seven retail formats - Big Bazaar, Easy Day, and Home Town, eZone, Food Bazaar, fbb and Foodhall. It operates 738 retail stores in 221 cities, spread over 13 million square feet of retail space. These stores collectively attracted over 295 million customers' footfalls, more than 150 transactions and selling billions of merchandise units.

Food Bazaar is a large retail store in the format of supermarket. In Food Bazaar, there is a combination Western and Indian values for the satisfaction and comfort of customers. Western values like convenience, cleanliness and hygiene are given by pre-packed commodities and Indian values like 'see-touch-feel' are given by displaying staples in open. Food Bazaar provides invisible mix of a classic Indian bazaar and International supermarket ambiance.

### Future Consumer Enterprise Limited and Private Label Brands

Future Consumer Enterprise Limited (FCEL) is the FMCG division of Future Group. FCEL's offerings includes categories like staples, dairy and bakery, home and personal care and value added products. Its private label brands include Golden Harvest, Nilgiris, Desi Atta, Karmiq, Sangi's Kitchen, Clean Mate, Care Mate etc. The company has a widespread agricultural produce sourcing base and manufacturing facilities in Food Park Tumkur, Karnataka, along with access to about 2000 modern retail stores like Big Bazaar, EasyDay, Foodhall, Aadhaar, Nilgiris, Annapurna Bhandaar, Star Bazaar etc.

The company has the capability and expertise to roll out infrastructure for approximately 3 million square feet of new retail space in various store sizes and formats all over the country. The company will be incurring capital expenditure for setting up the new stores and for renewal of existing stores.

#### 4.3 Reliance Retail (Reliance Fresh)

In 2006, Reliance Retail began its journey with its first Reliance Fresh store. Presently, there are more than 500 Reliance Fresh stores across 80 cities where more than 200 metric tonnes of fruits and over 300 metric tonnes of vegetables are sold each day. Its product offering includes fresh fruits & vegetables to dairy, cereals to spices, processed food & beverages to home & personal care products. Reliance Fresh is the India's leading neighbourhood retail store with the features of freshness and savings. It is a one-stop-shop with the three key promises - Fresh Hamesha, Available Hamesha and Savings Hamesha.

#### Private Label Brands

The private label brands of reliance fresh - Reliance Select, Reliance Value, Reliance Tea, Reliance Honey and dairy products under 'Dairy Pure' Brand.

Over the time, consistently Reliance Fresh has appeared in the list of 'Most Trusted' Service brands in India by Brand Equity and is ranked no. 2. In Reliance fresh, there is a direct link with a large number of farmers and small vendors in a farm-to-fork model. The linkage brings changes in the quality of life of the farmers and also enhancing the quality of produce, reducing wastage by curbing the time to move fresh produce and dropping intermediaries in the value chain. Now, the strategy of Reliance Fresh is to re-launch its stores as Reliance SMART which offers plenty in choice and straight big value and savings.

### 5. Conclusion

As per, AT Kearney, global consultancy firm, India is the second most striking modern retail market and it is expected to cross 100 million square feet within the next two to three years. For new modern retail stores, it is required to have specialized skills and investments in project management, design, architecture, electrical engineering, supply chain and technology, specialized furniture, fixtures, lighting, IT networks, point of sales technology, in-store warehouse infrastructure and much more. Today, India is witnessing the steady growth of new modern retail market. Private label brands is in the initial stage but with the development and growing share of modern retail, the share of private label

brands is also increasing and their contribution in the sales is also improving.

## 6. References

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