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AV Birla Retail packs its store with private labels

Namrata Singh | TNN

Mumbai: When German discount supermarket chain Aldi, which stocks up to 95% of its stores with its private labels, was launching an advertising campaign to promote the brands, it was considered a historic move in the retail industry. In India, where modern retail is still a fledgling industry, the Kumar Mangalam Birla-owned Aditya Birla Retail (ABRL) has taken the bold step of stocking up to 18% of one of its More stores in Visakhapatnam with its FMCG private brands as an experiment.

Usually, FMCG private labels comprise about 5% of a store's stock. Not only did ABRL increase the percentage of its own brands in the given store, it also resorted to local advertising through hoardings and radio jingles. The company now plans to pilot the model in select stores in other parts of the country.

"Our private label strategy is built around providing exceptional value to our customers. This also means that we want to provide a comprehensive range of quality products under private label brands. The Vizag pilot was focused on optimizing private label sales



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mix to see how high is high. We witnessed tremendous customer acceptability across categories like instant prepared food, snack, cold beverages and culinary and housekeeping. In a way, we established the base potential of private label and proved that its SKUs (stock keeping units) are capable of being front-runners in many categories," said Thomas Varghese, CEO, ABRL.

Some sceptics dubbed such experiments as "futuristic". They believe, by doing so, the retailer would be depriving the consumer of choosing from a full range of brands.

Kishore Biyani's Big Bazaar and Food Bazaar follow a completely different strategy, although KB's Fair Price and Aadhaar follow the middle-path. "In Big Bazaar & Food Bazaar, which are 'full assort-

ment' concept formats, private brands are just another brand (choice) among all other brands as we offer a complete assortment to our consumers. While in 'limited assortment' concept formats like KB's Fair Price & Aadhaar, private brands have more focus though other popular brands are also offered in each category," said Devendra Chawla, business head - private brands, Future Group.

Other modern retailers are said to be closely watching the move. "It would be difficult for us to comment with respect to stocks of private labels in the store. However, we plan to enhance the portfolio of the existing brands by bringing in more product categories and sub-categories under them," said a spokesperson of Spencer's Retail, which draws 15% of its turnover from private label brands. With about 12 private label brands and 6,000 SKUs in its kitty, Spencer's plans to double the contribution from private labels in the next 18 months. The trend of private labels dwarfing regular brands within a store is already established globally. In India, experts said it was only a matter of time for the trend to take wings and soar.