

# Retailers bet on private labels

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With rising pressure on margins, retailers are now looking at private label sales to boost their bottomlines.

Most retailers are eyeing 20 to 40 per cent growth in their private label segment in the next three years.

"With the margins that the FMCG companies offer, no one can survive. Even global retailers such as Wal-Mart, Carrefour and others are successful because of their strong focus on private labels. No retailer can survive on rentals and low margins," Mr Thomas Varghese, CEO, Aditya Birla Retail.

He said margins on private



labels are as much as 35-40 per cent. Aditya Birla Retail is aggressively pursuing the strategy of promoting sales of private labels. "Currently, the segment accounts for around three per cent of its total sales but now we are targeting 10-15 per cent in the next two to three years," said Mr Varghese.

Bharti retail, a wholly owned subsidiary of Bharti

Enterprises, is eyeing 30 to 40 per cent growth in its private label segment in the next five years. At present, the private labels contribute to 8 to 9 per cent to the company revenues.

"By selling private labels, it's a win-win situation. We can beat better known FMCG products by offering good quality and lower price," said Mr Vinod Sawney, President and COO, Bharti Retail.

Private labels are brands owned, merchandised and sold by retailers themselves. They are also sold at least 5-20 per cent cheaper across various categories.

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