

SEGMENTING PRIVATE LABEL SHOPPERS: AN EMPIRICAL STUDY

Shahir Bhatt*, Amola Bhatt**

Abstract: *Rationale:* Private brands were once a small part of retailers' merchandise, however today they are becoming a significant factor for most retail operations. It has also been found that major studies in private labels emphasize on the grocery sector. Apparel sector is on the edge of growth in domestic and global markets due to liberalisation. Very few studies have been conducted using multivariate analysis (cluster analysis) for studying the segments of shoppers for an apparel retail store, and so the present study is undertaken to better understand the consumer perceptions.

Purpose: The study indicates the segments of private label shoppers and its association with frequency of usage and the store from which they are purchased.

Design/methodology/approach: Data are collected using a self-administered questionnaire. The sample size for the study is 608 respondents. Analysis has been done by using multivariate techniques (cluster analysis) followed by Chi Square.

Findings: Four segments of private label shoppers were brought out from the study, which included Quality Conscious Shoppers, High Expectation Seekers, Apathetic Shoppers, and Impression Oriented Shoppers. Additionally, it was inferred from the study that there exists some association between the segments and frequency of purchase and the store selected.

Research limitations/implications: A key limitation of this study is the sampling frame. Future studies should replicate this study in different context.

Keywords: Retail, Private Labels, Segmentation

INTRODUCTION

The Indian retail market has undergone tremendous changes in the last two decades. The Boston Consulting Group and Retailers Association of India published a report titled, 'Retail 2020: Retrospect, Reinvent, Rewrite', highlighting that India's retail market is expected to nearly double from US\$ 600 billion in 2015 to US\$ 1 trillion by 2020, driven by income growth, urbanisation and attitudinal shifts. As per Indian Brand Equity Forum (IBEF, 2016) the retail market in India will reach USD1.3 trillion by 2020 from USD600 billion in 2015. Apart from food and grocery, apparel is expected to grow by 9 to 10 percent year on year, for the next five years. Apparel shopping consists of shopping for men's wear, boys' wear, women's wear, children's wear, girls' wear, infants' wear, general clothing businesses, footwear, leather products, and travel goods (Guy, 1998).

In the era of hyper competition, retailers are coming up with strategies to lure their customers. One such strategy implemented by companies across all categories is the introduction of private labels (PL). The Private Label Manufacturers Association (2010) provides on its website

the following definition for private labels: "Private label products encompass all merchandise sold under the retailers' brand. The brand can be retailer's own name or a name created exclusively by the retailer. In some cases, a retailer may belong to a wholesaler group that owns the brands that are available only to the members of the group." Private label brands (PLB) are also called as store brands (SB) or own brands.

The success of private brands penetration is directly connected to the growth of modern retailing. Private label's share in the modern retail in India is about 7%, but it is as high as 40% in European countries, and as low as less than 1% in China and hence, private labels have a big role to play. As per Euromonitor 2012; margins on private labelled apparel ranges from 30-50%, and hence even e-commerce players have started introducing their own private label brands.

LITERATURE REVIEW

The earliest study on private label brands goes all the way back to 60's (Food Commission report, 1966; Stern, 1966)

* Assistant Professor, Institute of Management, Nirma University, Ahmedabad, Gujarat, India. Email: shahir@nirmauni.ac.in

** Assistant Professor, Institute of Management, Nirma University, Ahmedabad, Gujarat, India. Email: amola@nirmauni.ac.in