An Empirical Review of the Importance of Private Labels for E-retailers in India

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ABSTRACT

Purpose: *Online shopping has become a piece of hot cake in the market today which is high in demand and currently trending. The benefits of online purchases have led to an economically beneficial shopping experience for customers. E-retailers have developed various strategies to retain their customer base and one such is the introduction of their private labels in the marketplace. This study aims to find out the importance of such private labels and their impact on the sales performance of e-retailers in India.*

Design/Methodology/Approach: *The interpretivism approach is used to reach the research objective and derive conclusions without any bias through content analysis.*

Finding/Result: *The competitive edge created by the private labels has been successful in grabbing the attention of customers for differentiated products and a range of prices against the other brands. Private labels have become major sales contributors for e-retailers.*

Originality/Value: *Various researchers trying to find out the changes in the retailing sector and the economic growth of e-retailers, this paper focuses on identifying what are the factual contributors to success and their prominence.*

Paper Type: *This paper is a content analysis of the data collected from various sources.*

Keywords: E-retailing, Private label, Customer retention, Repeat purchase, Content analysis

1. INTRODUCTION :

The retail industry has undergone significant transformations over the years, driven by technological advancements, changing consumer behaviors, and market dynamics. Retailing is a fundamental component of the supply chain that plays a pivotal role in connecting manufacturers and producers with end consumers. It encompasses a wide range of activities, including product sourcing, inventory management, marketing, and customer service. Retail initially operated through physical stores, offering customers a tangible shopping experience. However, with the advent of the internet and the rapid growth of e-commerce, online retailing has emerged as a significant player in the industry, revolutionizing the consumer's shopping experience. The need for retail arises from its role in efficiently distributing goods and services, providing convenience, offering variety and choice, delivering positive customer experiences, driving economic growth, fostering community development, and promoting innovation. The retail industry plays a vital role in meeting consumer needs, driving economic activity, and enhancing the overall quality of life (Marketing 91 [1]).

1.1. Retail Classification:

Retailing can be divided into two segments i.e., organized, and unorganized retail. Unorganized retail can be defined as brick-and-mortar retail stores managed and operated by store owners and their family members themselves, offering lifestyle products such as Apparel, Footwear, and Accessories, to consumers located in and around the store's catchment area which is 85% of the retail market. The National Commission for Enterprises in the Unorganized Sector (NCEUS) defines an organized sector as, a sector consisting of all incorporated enterprises that are engaged in the sales or production of goods and services operated as private limited or limited organizations governed by Companies Act and

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having more than ten total workers. Organized retail like Click and Mortars (C&M) accounts for 4% of the market in India (Economist [2]).

The classification of retail is also studied based on different factors such as the nature of products or services sold to the target customer segment, the distribution channel, and the location. Some common types of retail are department stores, specialty stores, supermarkets, convenience stores, e-commerce retail, franchise retail, pop-up stores, online marketplaces, etc. Many retailers operate using an Omni channel approach, combining various types of retailing to reach a broader customer base and provide a seamless shopping experience across different channels, such as physical stores, e-commerce websites, and mobile applications (GHR et al. (2020) [3]).

The origins of online retail can be traced back to the 1990s when the internet became more accessible to the general public. Companies like Amazon and eBay pioneered online retailing, offering consumers a new way to browse and purchase products from the comfort of their homes. Over time, advancements in technology, improved internet connectivity, and the widespread use of smartphones have fueled the growth of online retail, leading to its widespread adoption across the globe (Geopard [4]). Online retail has significant implications for both businesses and consumers, making it a topic of great significance for research. The key reasons highlighting the significance of online retail are changing consumer demand and behavior, market competition, business strategies, economic impact, consumer trust, security, and loyalty.
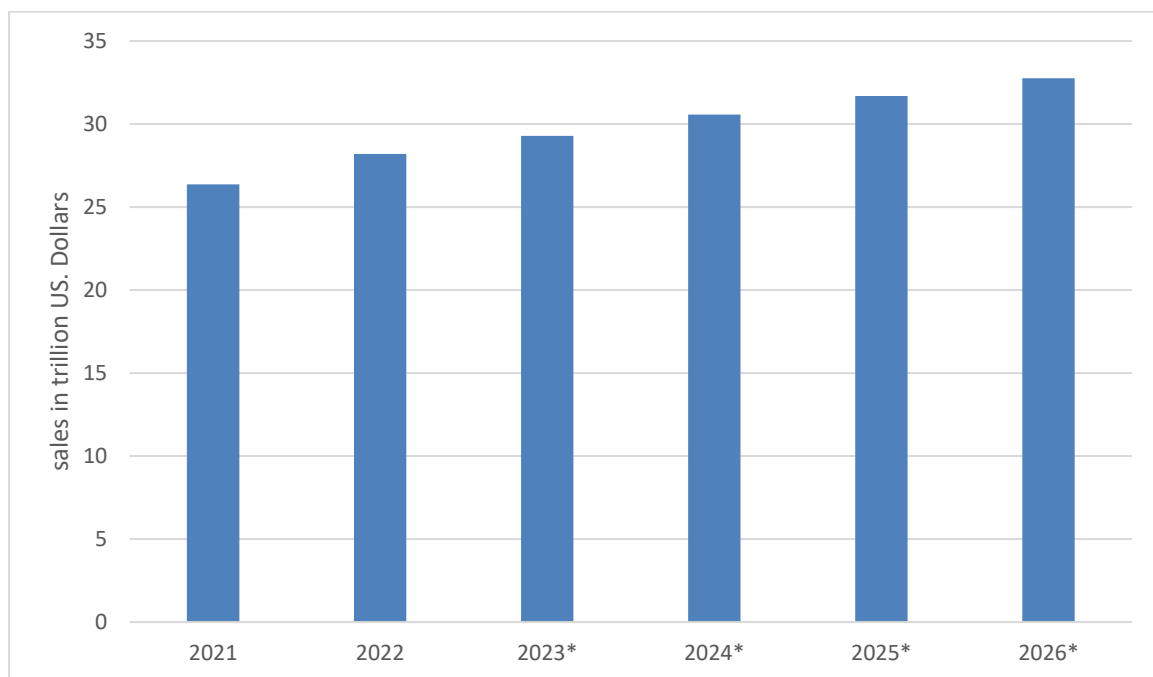
1.2. Online Retail – Global Scenario:

Fig. 1: Global Retail Sales *(Source:* Statista 2023) [5]

Before the World War, there were stores like mom-and-pop stores that consistently served small families. With the fast growth in income and changing lifestyles dominated by the retail sector, large stores took importance which brought huge success. The retail industry encompasses the journey of manufacturing a product and ends with the said product being purchased by a consumer from a retailer. Retail establishments in the global scenario come in many forms such as grocery stores, restaurants, and bookstores. Globally retaining is the revenue generator to the majority of the countries after agriculture. The retail industry has its benchmark in developed countries and is also moving into other countries. Countries like USA, UK, Germany, and France have 50% of the stores as organized retail stores. Organized retailing has reached the maturity stage in developed countries and innovation and automation started showing in these retail stores for a better customer experience and to retail customers. Organized retail stores add as a booster for sales which creates the ease of shopping for

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customers with the trust on quality and brand. Organized retailing creates an economic win for customers and big gains for farmers which increases the customer base (Statista [5]).

As per Statista, Global retail sales see an up growth in the retail sector. Data projection is seen to amount to around 32.8 trillion U.S. dollars by 2026, up from approximately 26.4 trillion U.S. dollars in 2021. The growth of retail at the global level is completely based on the product dimension and the customer's approach. The shopper profile of customers is also based on quality, brand, novelty, and recreation-consciousness which add more value to the organized sector of retailing. Walmart, Amazon, Costco, Schwarz Gruppe, and The Home Depot have been marked as the large retailers of 2020 by their revenue (Statista [5]).

1.3. Online Retail - Indian Scenario:

Retailing in developing countries started much later than the developed countries where it already reached the maturity stage. Mohanty (Mohanty. et al. (2015) [6]) in their study explained the organized retail flourishing in India late 1990s as in 3rd stage along with countries like Africa, China, and Russia. This system also brought into the scope for E-marketplace leading retailing to grow on a larger horizon. The first wave of e-commerce hit India between 2000-2005 which was characterized by a small online shopping user base and with low internet penetration, slow internet speed, and a very small customer group. Between 2005-2010 two transitions shaped the online retail of India namely the Low-Cost Carriers in the Indian Aviation Sector and the launch of Online Retail websites.

In a short period, the C&M format in India reached around 3% of the overall Indian retail market (GHR, et al. (2020) [7]). The growth rate is more than double as compared to the brick-and-mortar stores. It has been noted that the majority of contributions for C&M retailers are coming from online sellers and private labels in India. Private labels in Myntra contribute 35% of the total revenue (Financial Express [8]), 26% by private labels of Flipkart (Inc42 [9]), and 47% by private labels of Amazon (Pattern [10]). The contributions of private labels are contributing positively to the revenue of C&M retailers. Discount is the most efficient key factor utilized for generating higher sales by C&M retailers in India and it has created a strong impact on purchases and is one of the key consumers' buying decision-making factors.

Online shopping will not be considered as the future of shopping because it is present and will be routine shopping as there is no need to argue with salespeople, no need to wait in queues at the checkout, and especially there is no need to leave the house to make a purchase. Private labels have created a better shopping platform and made our purchases peaceful.

2. LITERATURE REVIEW :

The evolution of retail has taken shape from Mom-and-Pop Stores 1700s-1800s, departmental stores in mid 1800s to 1900s, Cha Ching 1883 being the very first cash register machine and credit holds to customers in the 1920s and Big Box format like Walmart stores in the 1960s and E-commerce blooming in 1900s embarks the success of retail in its evolution. E-commerce became operational in B2B, B2C, B2G and C2C. The social-media has created more opportunities for sellers to reach out to customers. Facebook has more than 60 million active business pages operational (Big Commerce [11]). In the generation of touch and click, the internet has become a game changer to the present day. Searching for information, locating places, studying online, and shopping online has become one of the most common daily life patterns for an individual. Peter J. P., et al. (2002) [12] stated that what is the need of simply going and waiting in long queues when you can get your products delivered to your doorstep with a small touch and click shopping experience is the fundamental policy practiced by every working individual.

The busy work schedule has made the usage of the internet and technology to meet their daily needs in the simplest manner possible. Without the e-retailers who sold goods and services online, online shopping and a comfortable lifestyle would not have been possible. The largest private sector and the final stage of economic activity is retailing. The latest and the most recent form of retailing i.e., online retailing has created a transition in the business model (Mishra, et al. (2014) [13]). The global economic scenario points that the main fuel for the growth of retailing in developing markets are countries like

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Brazil, Russia, India, and China and it is because of the rising household income and disposable income with the spending mentality of the consumers (Grewal, et al. (2014) [14]). The population of these countries is relatively large which helps in getting a larger customer base at the global level (Youarticle Library [15]).

Studies have proven that the customer preference of choosing a particular retail format would be subject to changes in economic condition, consumer demographics, physical effort to buy, and perceived total cost of buying (Mishra, et al. (2014) [13]. The pre-emergence of online retail End of Season Sales (EOSS) was the shopping spree time but with the post-emergence of online retail; discounting has become a major factor in converting walk-ins into bills in brick-and-mortar stores. Empirical Data shows that with the post-emergence of online retail stores consumers' perceptions towards discount retailer is making 4.249 times less profit than pre-online emergence (GHR, et al. (2020) [16]).

Understanding consumer behavior is a challenge to retailers as their expectations and buying patterns vary from one individual to another. However, consumers have exhibited a positive attitude towards online shopping irrespective of the various risks that have incurred in the shopping experience (Naiyi, et al. (2014) [17]). From the seven factors as the dimensions of consumer's perceived risk in China's Internet shopping context, factor one is e-store source risk, factor two is delivery risk; factor three is financial risk; factor four is a purchasing process and time loss risk; factor five is product performance risk; factor six is privacy risk; and the factor seven is asymmetric information risk. Irrespective of various risks the attitude of buying towards online sellers is growly daily (Md Ariff, et al. (2014) [18]).

In A.T. Kearney's 2012 E-Commerce Index examination of the top 30 countries, India ranked 5th in the 2012 Global Retail Development Index™ (GRDI). In 2021, India successfully moved to 2nd place which proves the growth of the Indian retail industry at the global level [19]. Technological advances play a huge role in the growth of online retail in India. Due to the increasing accessibility of smartphones and gadgets and with the good internet connection the shopping experience has become much smoother and easier for the customers. The Foreign Direct Investments and development of brands like IKEA, Liberty Shoes, Walmart Stores, Flipkart & Myntra, and Amazon have been strong pillars of growth for Indian Retail. Online Retailing in India has taken a wavelength due to the shopping experiences offered by Amazon, Flipkart, and Myntra. The ease of shopping, payment modes, and return facilities have become simpler thus creating a larger customer base in India (Nair., et al. (2019) [20-21]).

Hari, et al. (2019) [22] in their study found that in a short period e-commerce retailing format in India has reached around 3 percent of the overall Indian retail market. The growth rate is more than double as compared to the brick-and-mortar stores. Online shopping has offered 365 days of discounts, deals, and low-price strategies which are attracting customers even more. As of the 2021 report, there are 1.2 million e-commerce transactions daily. The acceptance of online selling in India has increased with the emergence of new technologies that are facilitating operations and youths are one of the major driving forces for the sales of e-retailers [23]. Effective use of new marketing channels promotes as a determinant for the success of online retail. Digital media has helped the customer by providing product information relating to size, color, model, and price, and how to place an order via telephone and WhatsApp. Posts on social media also can get better customer attention as proved by Hamdan, Y., et al. (2019) [24]. Social media and digital marketing have created a huge influence on consumers in making their purchase decisions. Direct purchase links provided by social media marketing have enabled an easier shopping experience. The purchase reviews posted in the online selling portal have created a reliable source of product experience It has also proven a positive relationship between platform-based service usage volume and seller performance. The more heterogeneous label of platform-based services is undertaken; the better will be the performance of the seller.

Online sales have boosted over the years creating tough competition for Brick-and-Mortar retailers. Customers enjoy many privileges such as convenient shopping, discounts and flash sales, redemption of purchase points, easier returns, and quick customer support services leading them more towards online shopping behavior and thus creating value acts as an important part of the retail chain. India has witnessed two waves of evolution in e-commerce. The first wave had a roller coaster ride with problems like low internet penetration, and a menial online shopper base leading to more than 1,000 online sellers

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crumpling down. But during the second wave, online sales have dominated e-commerce catching up more customers online and nearly 50% share of business (Kaila, et al. (2017) [25]). After the advent Covid -19 it created a massive shock to all businesses. However online sales were encouraged and it led to a new e-commerce format D2C (Direct to customer). Online sellers and private labels increased as it reduced the risk of operations and increased opportunities with larger customer acceptance (Shetty, et al. (2020) [26]).

3. OBJECTIVE :

Online retailing with the advent of private labels has revolutionized the retail industry. Private labels are the brands owned by the company alongside the other brands from the competing business and play a crucial role in the retail industry and meet modern consumers' evolving needs and preferences. Private labels fulfil the need for convenient and accessible shopping experiences and provide a wide variety of products, offer competitive pricing and discounts, personalize the shopping journey, and leverage technological advancements. They create opportunities for small businesses, gather valuable data-driven insights, and cater to the evolving preferences of modern consumers.

The presence of private labels is vital in meeting consumer expectations and is driving the growth of the retail industry in the digital age. Researching the background and significance of private labels will provide valuable insights into their impact on various aspects of the economy of retail, consumer behavior, and the retail landscape. This knowledge is crucial for businesses, policymakers, and stakeholders to effectively navigate the digital retail environment and capitalize on the opportunities it presents.

4. METHODOLOGY :

The Interpretivism Approach is more suitable for this research as it would provide rich, in-depth insights on the subject that can be used to develop better theories and enhance our understanding of complex human experiences and interactions. Interpretivism forces more on people's thoughts and ideas which will help in getting a better interpretation of the subject area. This approach will be able to give satisfactory answers to the research questions using observable and measurable facts. The importance of private labels can be studied using the interpretivism approach as it will be focused on the thoughts and ideas of the other person which will give a new understanding. The growth of online retail has been seen over the years and is proven by various researchers. The essence of private labels in online retail can be studied in depth by using the interpretivism approach (GHR, et al. (2020) [27]).

The inductive approach is chosen for the study as it is the most appropriate to construct a new theory while establishing the relationship between the dependent and independent variables of the study. The inductive approach will help to raise questions that need to be studied during the research process. The inductive approach would help to find the cause and effect of the variables in another dimension with reliable facts collected. From the collected data it helps to bring new findings and theories. The study can help us to understand the role of private labels in the retail industry and make them important or non-important (GHR, et al. (2020) [28]).

The Mono method is preferred to understand the need and level of importance of private labels. The best way to find answers to the questions is by archival study. The archival method is based on the facts and data collected by the researchers over a while. The study aims to understand the level of importance of private labels and the parameters associated with them. The major aim of the study is to explore and find out whether private labels are genuinely important to consumers and the e-commerce platform. For such a descriptive study choosing the mono method will give better results with high reliability (GHR, et al. (2020) [29]).

The study prefers to choose a cross-sectional time frame as trying to understand the need of the object with the subject requires a minimal amount of time. Understanding the importance of private labels with the interpretive approach requires studying and analyzing the responses of various participants within a given period. The choice and preference of consumers or any stakeholder with different demographic features in the given time will help to understand the variables and factors associated.

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Collecting responses from the same group of people or different groups at a given interval of time can help to obtain information on our research question with better clarity (GHR, et al. (2020) [30]).

Content Analysis is the statistical technique used for the analysis of the data collected. Content analysis helps categorize the given data in different observation and criteria matrices which can answer all possible questions. Content analysis also can give rise to new findings and reduce bias in the results. This study simply aims to understand what makes the private label important. The data collected through various sources for a given timeframe will help to organize the importance level into various parameters with different criteria (GHR, et al. (2020) [31]).

5. FINDINGS, RESULTS, AND ANALYSIS :

Secondary data from different sources have been collected to understand the relation and importance of private labels to online retailers. The findings will help us understand whether there is any significant importance of private labels to online retailers or vice versa.

5.1. General E-Commerce Statistics:

In the last two decades, there has been widespread use of e-commerce platforms like Amazon and eBay which gave a substantial growth for online retail. According to the US Census Bureau, e-commerce accounted for 5% of total retail sales but after the Covid-19 pandemic, it had risen over to 16% of the total retail sales (Tech Target [32]).

Entrepreneurs who tend to start a new business no longer search for a new place for a physical outlet instead they sell products online to boost sales in a minimal expenditure. Online sales have increased due to entrepreneurial opportunities thus 20.8% of the retail sales have taken place online in 2023. Research shows that turning a business into an e-commerce venture is like a long-term investment. By 2026, 24% of the retail purchases are expected to be online (Forbes Business Advisor [33]).

The Growth in Retail Ecommerce Sales Worldwide 2021-2026
in trillions (Source: Insider Intelligence)

- 2021: $5.211
- 2022: $5.717
- 2023: $6.310
- 2024: $6.913
- 2025: $7.528
- 2026: $8.148

Fig. 2: Source- Forbes Advisor-Embed [33]

From Table 1, out of the 20 online retailers 14 brick-and-mortar retailers have switched over the current trending way of reaching their customers, i.e., online selling. The share of online sales is ruling the sales performance for most e-retailers like Amazon, 360buy, and Rakuten, and has observed 100% contribution due to online sales. The sales performance of such e-retailers was possible due to many sellers as their subsidiaries fulfilling the demands and supply of their customers. (Deloitte analysis [34]).

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Table 1: Top 20 Global Online Retailers (Source: Planet Retail, Deloitte analysis [34])

Retailer	Online Sales (Billion USD)	Online Share of Total Sales
Amazon	85.00	100.00%
Apple	18.00	43.00%
360buy	17.80	100.00%
Walmart	9.20	2.00%
Otto Group	8.80	47.00%
Dell	7.00	100.00%
Tesco	5.00	4.00%
Casino	4.50	35.00%
Netflix	4.50	100.00%
Sears	3.80	9.00%
Rakuten	3.60	100.00%
Newegg	3.20	100.00%
Suning	3.10	21.00%
QVC	2.90	40.00%
Lojas Americanas	2.80	42.00%
Staples	2.70	10.00%
Next	2.70	33.00%
CostCo	2.60	2.00%
Best Buy	2.50	5.00%
Dixons Retail	2.40	15.00%

5.2.1. Amazon's Detailed Overview of Sales Performance:

Amazon is the third largest public company by revenue in the world, behind Walmart and China's State Grid. Amazon's revenue increased by 9.1% in 2022 to $513 billion.

Table 2: Amazon revenue breakdown by segment in billion USD (Source-Amazon Company Data [36])

Year	Online Stores	Physical Stores	Third-party Retail	Subscription services	AWS	Advertising	Other
2014	68.50	-	11.70	2.70	4.60	-	1.30
2015	76.80	-	16.00	4.40	7.80	-	1.70
2016	91.40	-	22.90	6.30	12.20	-	2.90
2017	108.30	5.80	31.80	9.70	17.40	-	4.60
2018	122.90	17.20	42.70	14.10	25.60	-	10.10
2019	141.20	17.10	53.70	19.20	35.00	-	14.00
2020	197.20	16.20	80.40	25.20	45.30	15.50	5.90
2021	222.00	17.00	103.30	31.70	62.20	31.10	3.40
2022	220.00	18.90	117.70	35.20	80.00	37.70	4.20

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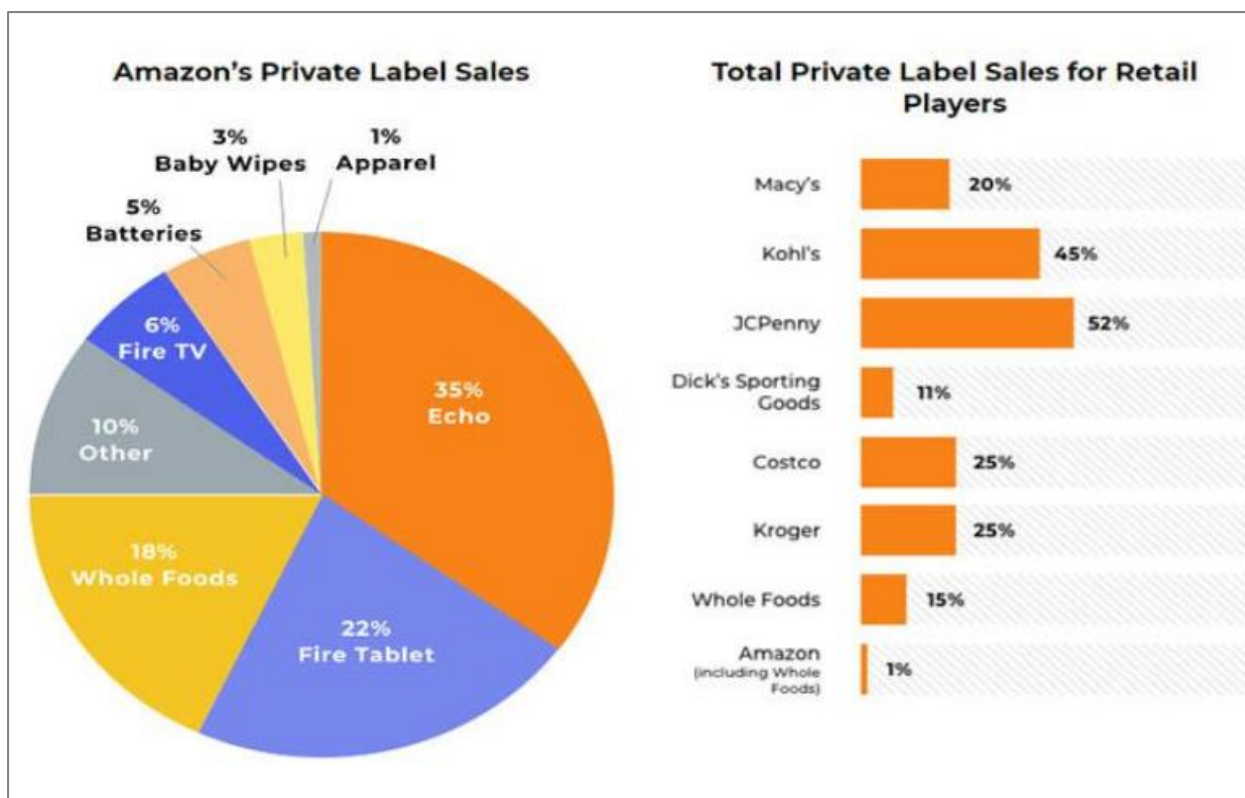
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Fig. 3: Breakdown of Amazon's House Label Sales (Source – US Fashion Network [37])

Key Statistics:
a) Amazon generated $513 billion in revenue in 2022, making it the third-largest company in the world by revenue
b) Amazon Web Services was responsible for 15% of that revenue
c) 220 million customers subscribe to Amazon Prime worldwide, with 168 million in the US alone
d) Amazon Prime Video had 190 million users in 2022, while Prime Music reached 74 million

Amazon's majority of revenue comes from e-commerce; Amazon is a first-party and third-party reseller, alongside providing subscription services and owning Whole Foods. The above table shows the growth of online stores on a large scale generating better revenue and improving the financial performance year by year. Private labels which have been increasing day by day on e-commerce platforms have proved to increase revenue with no expenditure on physical outlets, maintenance, and human resources. The breakdown of such expenses gives a place for offering discounts and promotions to customers and attract them. It's a win-win situation for the seller and customer creating savings for both (Business of Apps: Amazon Statistics [36]).

Amazon introduced its first in-house brands (Amazon Basics and Pinzon), which sold everyday household goods in 2009. The company has ramped up its focus on private label creation. In 2017, there were just 30 private label brands in operation on the site compared to more than 100 today. Brands selling in Amazon's core consumer packaged goods (CPG) category household, grocery, baby, pet, beauty, and health products saw an 81% growth in the 2017 to 2018 time period.

Amazon Basics has seen major growth in recent years. As of April 2020, the label had been growing at a steady **47%** year over year for the past 12 months.

The share of in-house brands has created a greater advantage through higher sales and better financial performance for online retailers. The growth of such in-house brands is clear proof of growth in the e-retail industry and is evident from the above table (Pattern [38]).

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Table 3: Growth of Private Label sales of Amazon Basics in the year 2020 in India

Category	First party % of Total Sales	Private Brand % of First Party	Third party % of Total Sales
Consumer Electronics	43%	3%	57%
Beauty	35%	<1%	65%
Home and Kitchen	33%	4%	67%
Softlines	28%	9%	72%
Books	74%	<1%	26%
Consumables	41%	2%	59%
Toys	42%	<1%	58%

The contribution of private brands under Amazon is greater when compared to the first party or the main brand sales. Categories like consumer electronics, beauty, home and kitchen, consumables, and toys have the better contribution of sales on an average of 30% from the private brands. The presence of private labels has given customers a wide variety of options thus increasing sales of Amazon.

5.2.2. Growth of private labels in India:
Private labels have emerged as rising stars in the retail industry. Between 2019 and 2022 private labels in India are expected to grow 1.3 to 1.6 times faster and yield 1.8 to 2.0 times higher margins than the external brands. The presence of multiple product categories with cross-sell and upsell opportunities has addressed every category of consumer segment demand.
KPMG in India's Analysis 2020, based on the industry interactions concerning more than 25 online and offline retailers has given the following insights concerning the private labels
1. Contribute to better share in sales performances
2. Higher profitability for e-retailers due to better margins earned by private labels
3. Private labels have fostered better customer retention
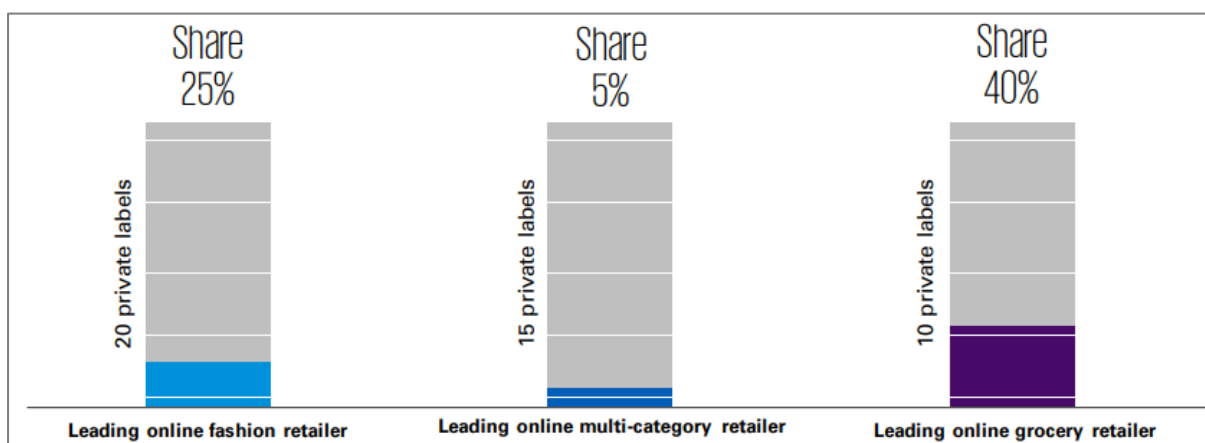4. Customer retention by repeat purchase behavior

Fig. 4: Sales contribution of private labels for select online retailers-FY19 (Source: KPMG in India's analysis 2020 based on industry interactions [39])
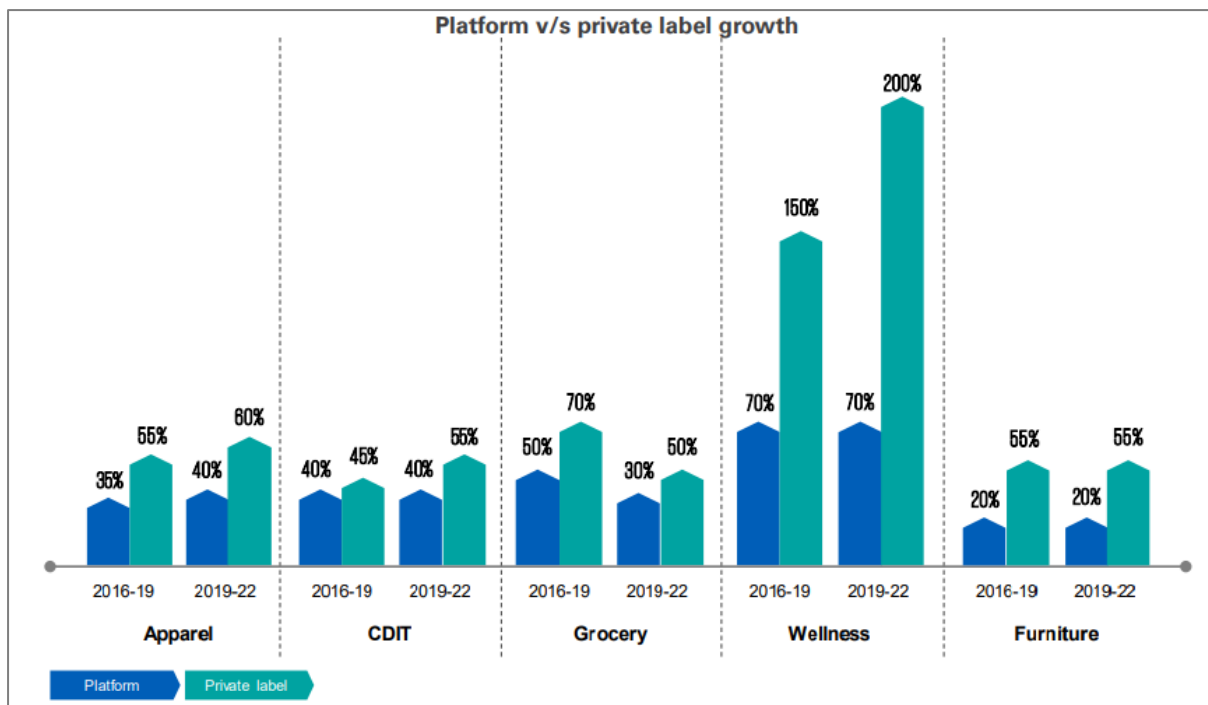
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Fig. 5: Platform (E-retailer) v/s Private label growth (Source: KPMG in India's analysis 2020 based on industry interactions [39])

Three different kinds of online retailers such as online fashion retailer, online multi-category retailer, and online grocery retailer irrespective of the number of private labels shows a significant amount of sales contribution given them ranges from 5% to 40%. Private labels can be used as competitive differentiators for platforms (e-retailers) and act as an agent who address market gaps through new products leading to higher purchases and better ROI.

The above figure 5 with different categories of products shows a comparative study on e-retailer sales v/s online seller (private label) sales. The contribution of private labels is equally important and is on a higher edge as it offers a better percentage of sales when compared to its own branded products. Private labels can compete with established brands by developing differentiated products in parameters like price, and ease of use, and trying to fill the gaps created between the established brand under e-retailer and customers causing an increased gain in share of sales (Figure 6).
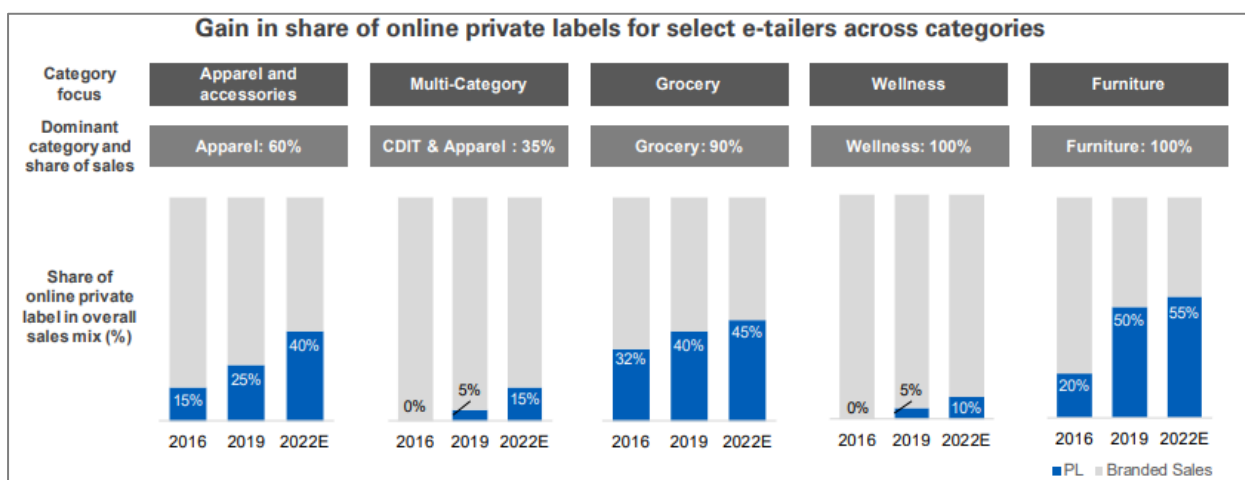

Fig. 6: Gain in the share of online private labels for select e-retailers across categories from 2016-2019, 2022-Estimated (Source: KPMG in India's analysis 2020 based on industry interactions [39])
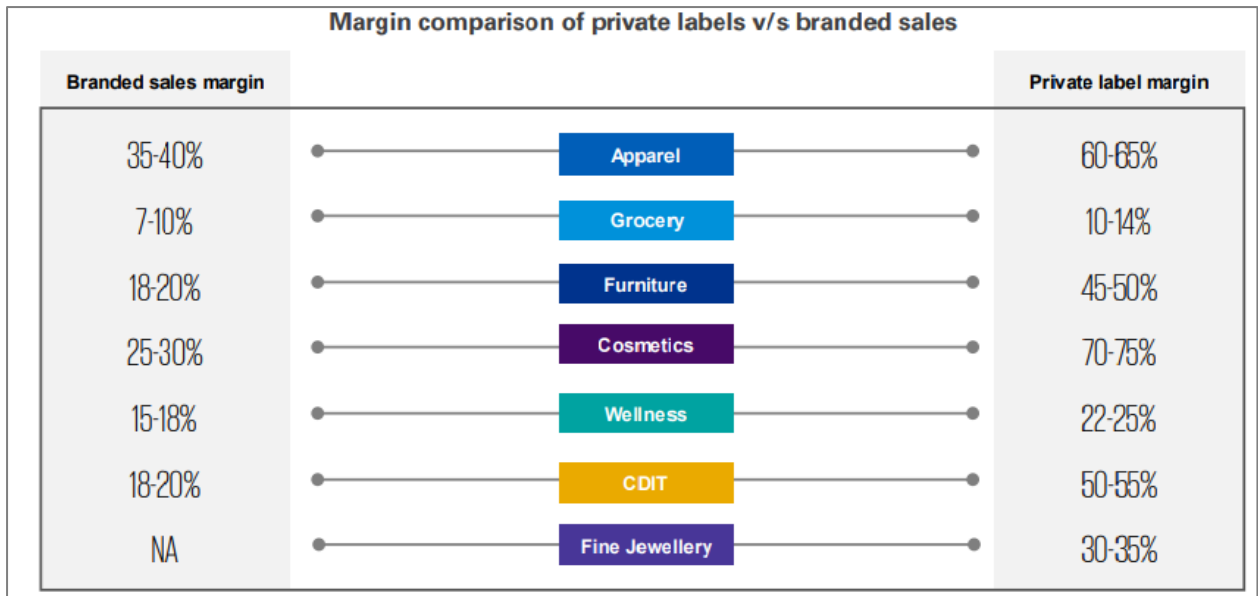
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Fig. 7: Margin Comparison of private labels v/s branded sales (Source: KPMG in India's analysis 2020 based on industry interactions [39])

In addition to addressing market gaps, online private labels are also addressed as drivers of profitability and growth factors across categories due to the increased share in the sales mix and higher product margins. The online private labels provide e-retailers with an opportunity to build higher margins owing to lower costs across the market by product testing and distribution, thus positively impacting profitability. Figure 7 shows that the contribution of private labels when compared with the brand offers almost 1.5-2.0 times better sales performance.
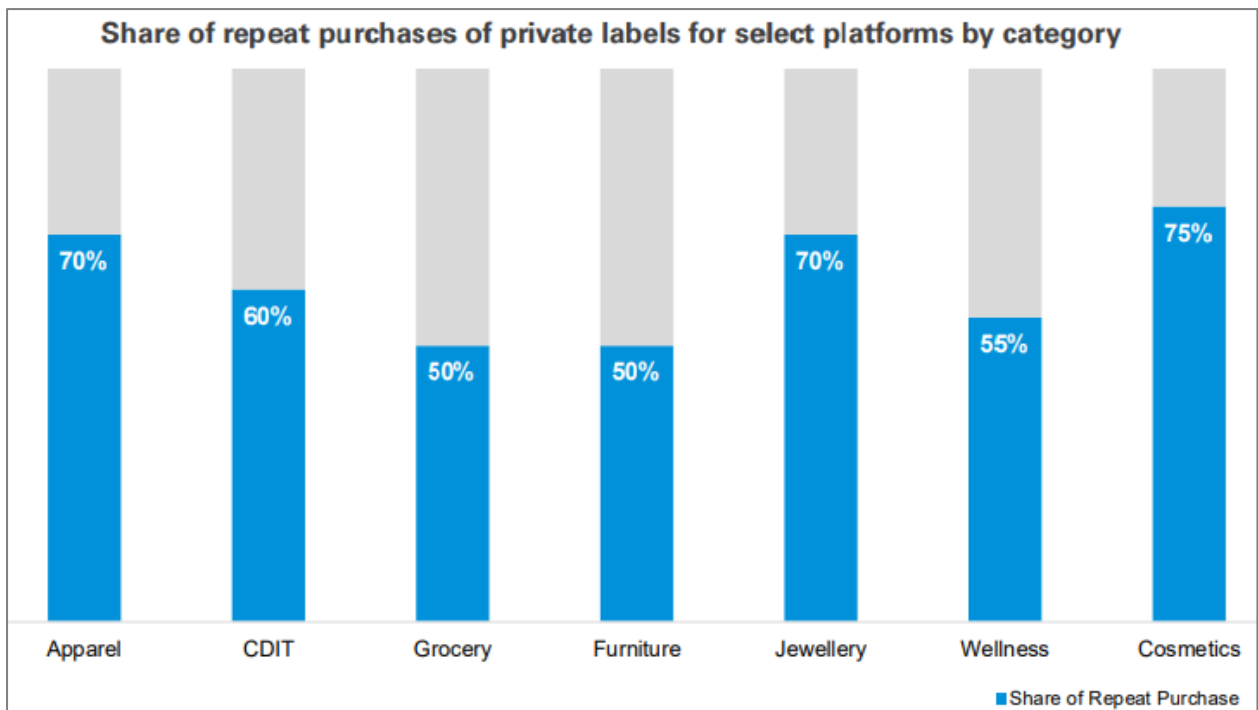

Fig. 8: Share of repeat purchases of private labels (Source: KPMG in India's analysis 2020 based on industry interactions [39])

The importance of the functionality of the products over the brand, price sensitivity, and differentiated products are some of the factors that have influenced the demand side of private labels owing them to grow rapidly. The share of customer retention by repeat purchase behavior is maximum for private

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labels when compared to branded stores. Figure 8 shows the share of repeat purchases is at its peak for private labels.

5.3. Private Labels – A Boon for E-retailers:

Private labels are a boon for e-retailers as their margin is said to be 20% more than other branded labels (Indbiz [35]). The present strengthening sales are due to the private labels who have started to offer low-cost alternatives for their customers in every sector possible. 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, and METRO Cash & Carry India to e-commerce players like Big Basket and Purplle.com and many others, everyone is churning out private labels like their survival depends on it.

Apart from Amazon the other e-commerce operators also have their very own private brands that are potentially catching the customer market. Every e-commerce operator doesn't sell its products under a single label whereas it has several sellers creating effective sales and improving their financial performance (Apparel Resources [40]). Shoppers have more opportunities to pick the right choice thanks to online stores like Ajio, Myntra, Amazon, or Flipkart that allow them to compare prices and features, and oftentimes, private label products offer better value for money. Online platforms have made it possible to reach a much larger market than ever before, without being limited by geography creating maximum shopping turnover.

6. CONCLUSION :

Private labels have become important to online retailers in the present day. They have experienced rapid growth due to the strong customer market boosting them. The five most important factors that make online sales important to a customer are i) Convenience: A 24/7 shopping facility with 'no pollution' in shopping creates an easy and hassle-free shopping experience. A customer can easily order at midnight in his pajamas. What is more comfortable than shopping in minutes and getting delivered to your doorstep; ii) Price Comparisons: Comparing and researching for products is easier; iii) Virtual tour of products: Customer can sit and view the product details without wasting his time; iv) Less Priced than offline outlets: Usually the online prices are relatively cheaper; v) More Discounts: Private labels offer discounts almost on every occasion giving customers a happier shopping experience.

In the past few years, private labels have become the shining stars in the retail industry. They offer better shopper value and value for money and also earn higher margins than compared to offline retailers. Private labels have the potential for customer retention and loyalty. Customers have become attracted to online shopping for greater convenience and a wide range of product options and discounts available. Private label sales account for nearly 74% of the e-commerce market's revenue. The future of online shopping would create a bigger wave with a few trends in online sales viz., i) Voice and vernacular: Vernacular apps like ShareChat, TikTok, and Helo have garnered upwards of 50 million users each. The Indian vernacular-language internet user base is expected to reach more than 500 million users; ii) Visual and video: Live-streaming sessions, influencer videos, etc. are gaining significant attraction; iii) Social shopping: Social shopping would bring a large number of customers under one roof at once; iv) Digital ecosystems: Ecosystems attract a huge customer base, which in turn attracts retailers who want easy access to a critical mass of consumers. And customers gain a one-stop shop for all their needs; v) Private labels generate incremental revenue and improve profitability by generating twice the revenue when compared to branded products. The percentage of repeat customers is higher for private labels because of the short engagement and quick service rendered proving them to be instrumental in customer acquisition and retention. Private labels are integral to the success of online retailers, contributing to a more diverse product range, increased customer base, competitive advantage, lower operational costs, scalability, innovation, revenue generation, and enhanced customer trust. The relationship between online retailers and private labels is mutually beneficial, fostering growth and success for both parties thus making private labels an important part of the e-retailing business.

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7. SUGGESTIONS :

As we know the prominence of private labels in the retail industry and their significant contribution towards revenue generation, it is also important to understand what factors cause better financial performance. To be a successful retailer various parameters are involved which are customer-oriented and a detailed study of the different factors responsible for the improved performance as well as identifying the most crucial and game-changing factor causing better performance when compared to offline sellers is essential. The present study which highlights an understanding of the importance of private labels is purely related to the secondary data collected for a given time. Therefore, more facts and data can be observed for a longer period to observe the factors that could lead to changes.

8. LIMITATIONS OF THE STUDY :

The study revealed that private labels are the pillars of the online retail industry through the enormous amount of sales contribution. However, the factors behind the sales and financial performance are still not known. This study is generalized based on the sales performance which also could be a limitation of the study. Another limitation of the study is that it is analyzed based on annual reports and summaries published by the respective e-retailers which is one side of the secondary data. Recorded data regularly can help to prove to match the collected summary report.

9. SCOPE FOR FURTHER RESEARCH :

It is recommended that this research can further be extended to understand the importance of online sellers (external brands/labels), who are another key performer in e-retailing and want to establish their business in a large marketplace. A comparative study can be made with the contributions of online sellers and private labels to understand their relational importance to e-retailers. The study also can be broadened to understand which of the key factors is impacting better sales and optimizing the financial performance of online sellers in e-retailing.

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