

A STUDY ON THE CONSUMER PERCEPTION TOWARDS PRIVATE LABEL BRANDS WITH SPECIAL REFERENCE TO BIG BAZAAR, COIMBATORE, TAMIL NADU

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ABSTRACT

The study aims to analyze the Consumer Perception towards Private Label Brands on Big Bazaar, Coimbatore. The objective of the study is to understand the possibility of success when retailers introduce private brands. The research is aimed to explore if buying choices are made based on brand loyalty and to analyze whether customers actively seek for new brands or strict to the old brands. A detailed study is conducted from the views of customers & collected by conducting a survey with a sample size of 150 (75 Fashion bazaar and 75 Food bazaar) from Coimbatore region with the help of structured questionnaire. The collected data is analyzed using statistical tools and the study reveals that most of the youngsters have good perception towards the private brands in fashion wear & munchies. Majority of the respondents said that quality, trustworthy and brand image is the leading feature that differentiate private label brand with other branded product.

Keywords: Private Label, Fashion wear, Brand image, Brand loyalty.

INTRODUCTION:

Indian Retail sector is vibrant and has become one of the world's top 5 global retail destinations. It is estimated that the total number of shopping malls will grow at the rate of 18.9% by 2015. The study conducted by RNCOS indicates that the Indian organized retail market is expected to reach US\$ 50 billion by 2011.

Private label brands are brands owned, controlled, and sold exclusively by a retailer (Baltas, 1997). The concept of private label brands was popularized by large corporate supermarket chains which expanded their private label business at the expense of some heavily advertised national brands and items (Stern, 1966).

India has not witnessed Private label brands before the liberalization of Indian economy in 1990's. Indian retail sector was unorganized and customers were relying on unorganized retailers almost for all the products. In early 1990s, Shoppers Stop pioneers the concept of private label in India and redefined the concept of 'shopping' by making efforts to provide the Indian consumers with an international shopping experience. It launched a STOP brand in India with the branded women ethnic wear.

With the growth of private label brands, national brands are grabbing the share from the national brands. Private labels are not only low priced but are also high on quality and for the retailers its high margin.

Growth of organized retail chain in India has also facilitated the growth of private label brands in India. Indian economy has seen average growth rate of more than seven percent since 1994 and putting purchasing power in hands of customer. Though, initial growth of private label brands in India has been limited to certain categories like grocery and apparel, it is slowly expanding into other categories as well.

REVIEW OF LITERATURE:

The main reasons that have been cited in the business and academic press for retailers desire too stock private labels are (a) higher retail margins on private labels; (b) negotiating leverage with national brand manufacturers; and (c) higher consumer store loyalty (Hoch and Banerjee 1993). The private label brand choice is depending on 'experience', 'value', 'time utility', 'possession utility', 'mechanism' and 'place utility'. Hoch and Banerjee (1993) contested the common perception that a private label's primary attraction was the substantial price discount relative to the national brands, at which they were sold. They emphasized the role of quality in the private label purchase decision. They found evidence to support the notion that perceived quality was much more important than the level of price discount in determining the private-label category share. Several studies have examined the role of taste on the perceptions of private label brands. Sundel (1974) used a 'blind' (brands not identified) taste test and found that there were no significant differences in respondent ratings between national, regional and store brands of bread and canned corn. However, the national brands were still perceived by consumers to be superior to the regional or local store brands. Labeaga et al. (2007) contend that private labels assist building loyalty by differentiating the retailer. These brands are available at one retailer exclusively whilst manufacturer brands are available at many competing outlets. Regular consumers of private label brands are confronted with psychological costs when switching retailers as their preferred private label choice is no longer available. As a result, consumers who change retailers undergo demanding cognitive processes by evaluating other brands, including unfamiliar store brands, in choosing a new product. Consumers who purchase private label brands regularly do not only become loyal to that particular brand but also to the retailer through which it is sold (Collins and Burt, 2003). Among consumers, one obvious reason for their popularity and growth is their price advantage over national brands (Batra and Sinha, 2000). Nevertheless, high quality seems to be more important in determining PLB success than lower price (Hoch and Banerji, 1993). One of the interesting phenomena concerning PLBs is the fact that their growth has been highly uneven across product categories (Hoch and Banerji, 1993).

NEED FOR PRIVATE LABEL BRANDS:

As competition is becoming stiff, retailers are working on new marketing strategies to sustain in the market, one such strategy being private branding adopted by most of the retailer. Private brand is one of the strategies decisions for most of the retail organizations in recent years and hence many retailers' have introduced varieties of private label in different categories like apparel, food and grocery, health care, personal care, consumer durables, lifestyle etc. Major driving force behind introducing store brand is to ensure the customer store loyalty. This can be accomplished as brand is available only in specific stores.

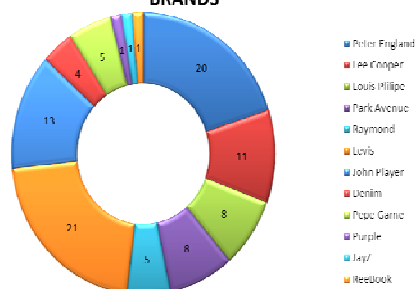
FINDINGS:

FASHION BAZAAR:

Table 1: (a) Consumers Choice of National Brands Instead of Private Brands

| S.No | Presently in Use | Frequency | Percentage |
|--------------|------------------|-----------|------------|
| 1 | Peter England | 15 | 20 |
| 2 | Lee Cooper | 8 | 11 |
| 3 | Louis Philip | 6 | 8 |
| 4 | Park Avenue | 6 | 8 |
| 5 | Raymond | 4 | 5 |
| 6 | Levis | 16 | 21 |
| 7 | John Player | 10 | 13 |
| 8 | Denim | 3 | 4 |
| 9 | Pepe Game | 4 | 5 |
| 10 | Purple | 1 | 1 |
| 11 | JayZ | 1 | 1 |
| 12 | Reebok | 1 | 1 |
| Total | | 75 | 100 |

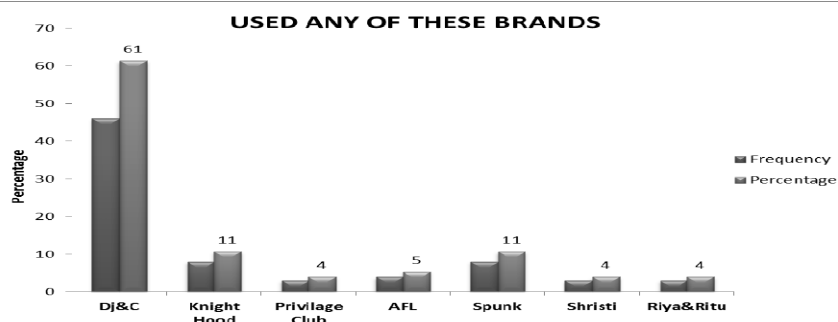
BRAND WHICH USING INSTEAD OF PRIVATE BRANDS



From the table we can infer that 21% of the customers are using LEVIS, 20% of customers are using PETER ENGLAND, 13% of customers are using JOHN PLAYER, 11% of customers are using LEE COOPER and other brands have also been preferred.

Table 2:(a) Respondents Preference on Big Bazaar Private Label Brands

| S.No | Knowledge about Brands | Frequency | Percentage |
|--------------|------------------------|-----------|------------|
| 1 | DJ&C | 46 | 61 |
| 2 | Knight Hood | 8 | 11 |
| 3 | Privilage Club | 3 | 4 |
| 4 | AFL | 4 | 5 |
| 5 | Spunk | 8 | 11 |
| 6 | Shristi | 3 | 4 |
| 7 | Riya&Ritu | 3 | 4 |
| Total | | 75 | 100 |



In the classification of the private brands used by the respondents it was found that 61% of the respondents have preferred DJ&C, followed by Knight Hood and Spunk.

FOOD BAZAAR:

Table 2: (b) Respondents Preference On Big Bazaar Private Label Brands

| S.No | Knowledge about Brands | Frequency | Percentage |
|--------------|------------------------|-----------|------------|
| 1 | Tasty treat | 24 | 32 |
| 2 | Clean Mate | 15 | 20 |
| 3 | Care Mate | 2 | 3 |
| 4 | Fresh & Pure | 4 | 5 |
| 5 | Sach | 5 | 7 |
| 6 | Golden harvest | 25 | 33 |
| Total | | 75 | 100 |

In the classification of the private brands used by respondents in the Food Bazaar section, it was found that the Golden Harvest and Tasty Treat occupy the preference list of customers and Clean Mate also preferred by customers.

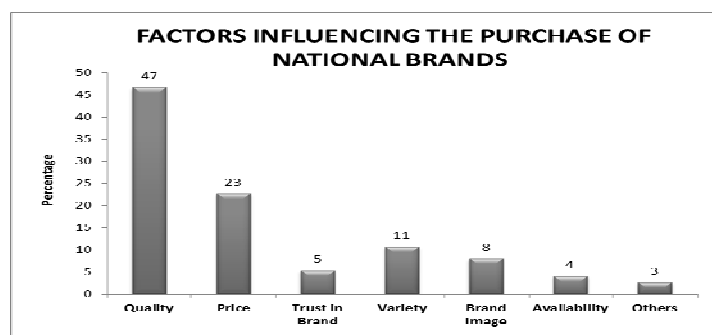
Table 3:(a) Competitive Products For Golden Harvest

| S.No | Products | Frequency | Percentage |
|--------------|----------------|-----------|------------|
| 1 | Aashirvad | 30 | 40 |
| 2 | Annapurna | 20 | 27 |
| 3 | Pillsbury | 15 | 20 |
| 4 | Parry's Corner | 10 | 13 |
| Total | | 75 | 100 |

From the above table we can easily identify the competitive products for GOLDEN HARVEST. AASHIRVAD is highly leading with other brands at 40%., followed by ANNAPURNA and PILLSBURY.

Table 4: (a) Factors Influencing The Purchase Of National Brands

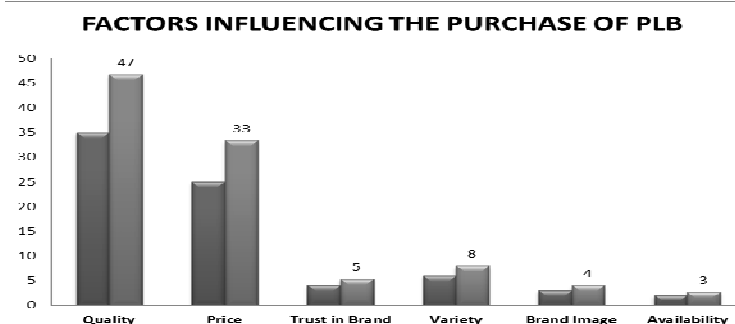
| S.No | Categories | Frequency | Percentage |
|--------------|----------------|-----------|------------|
| 1 | Quality | 35 | 47 |
| 2 | Price | 17 | 23 |
| 3 | Trust in Brand | 4 | 5 |
| 4 | Variety | 8 | 11 |
| 5 | Brand Image | 6 | 8 |
| 6 | Availability | 3 | 4 |
| 7 | Others | 2 | 3 |
| Total | | 75 | 100 |



From the table we can find out that the factors influencing the purchase of national brands.47% of customers said they are influenced by quality in purchasing national brands, 23% are influenced by price and 11% are influenced by variety.

Table 4: (b) Factors Influencing the Purchase of PLB

| S.No | Categories | Frequency | Percentage |
|--------------|----------------|-----------|------------|
| 1 | Quality | 35 | 47 |
| 2 | Price | 25 | 33 |
| 3 | Trust in Brand | 4 | 5 |
| 4 | Variety | 6 | 8 |
| 5 | Brand Image | 3 | 4 |
| 6 | Availability | 2 | 3 |
| Total | | 75 | 100 |



Among the factors leading to the choice of private label product it was found that 47% of the respondents give preference to quality and 33% of the respondents feel that price of the product was the eminent factor that determines the choice of the private label brand. Trust in brand, variety, brand image and availability also played equal part in choice of private label product.

Table 3:Expensive Brand

| S.No | Categories | Frequency | Percentage |
|--------------|----------------|-----------|------------|
| 1 | Private Brand | 17 | 23 |
| 2 | National Brand | 58 | 77 |
| Total | | 75 | 100 |

77% of consumers said national brands are expensive.

Table 4: Private Label Innovation

| S.No | Categories | Frequency | Percentage |
|--------------|------------|-----------|------------|
| 1 | Yes | 70 | 93 |
| 2 | No | 5 | 7 |
| Total | | 75 | 100 |

Out of the total respondents 93% of respondents think that private label brands are innovative as brand in terms of its offer to the shopper.

Table :5 Consumer Perception Towards Future Purchase of PLB

| S.No | Categories | Frequency | Percentage |
|--------------|------------|-----------|------------|
| 1 | Yes | 50 | 67 |
| 2 | No | 25 | 33 |
| Total | | 75 | 100 |

From the table we can understand that 67% of customers believe that in future it is possible to purchase private label products.

BRAND PREFERENCE* AGE CROSS TABULATION:

HYPOTHESIS:

Null Hypothesis (Ho): There is no significant relationship between segment and purpose of buying.

Alternative Hypothesis (H1): There is a significant relationship between segment and purpose of buying.

Crosstab

| | | | age | | | | | Total |
|----------|----------------|----------------|-------|-------|-------|-------|-------|-------|
| | | | 15-20 | 21-25 | 26-30 | 31-35 | 36-45 | |
| Qus3_fob | Private Brand | Count | 3 | 6 | 8 | 1 | 5 | 23 |
| | | Expected Count | 2.2 | 5.0 | 6.3 | 3.2 | 6.3 | 23.0 |
| | National Brand | Count | 4 | 10 | 12 | 9 | 15 | 50 |
| | | Expected Count | 4.8 | 11.0 | 13.7 | 6.8 | 13.7 | 50.0 |
| Total | | Count | 7 | 16 | 20 | 10 | 20 | 73 |
| | | Expected Count | 7.0 | 16.0 | 20.0 | 10.0 | 20.0 | 73.0 |

CHI-SQUARE TESTS

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square | 3.888 ^a | 4 | .421 |
| Likelihood Ratio | 4.326 | 4 | .364 |
| Linear-by-Linear Association | 1.896 | 1 | .169 |
| N of Valid Cases | 73 | | |

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.21.

As $0.421 < 0.5$, the null hypothesis is accepted and we inferred that there is a significant relationship between segment and purpose of buying.

CONCLUSION AND MANAGERIAL IMPLICATIONS:

From this study, one can come to the conclusion that private labels are able to position themselves significantly in the mind of customers and are gaining acceptance. Growth in specific private label segments like food and apparel segments are growing at a faster rate. While, the future of private labels is dependent on the retailer's ability to overcome key challenges such as adaptive supply chain practices, quality infrastructure, accelerated growth in new categories, blurring dividing lines between private label and national brands. From the study, it was found that good quality, price, trustworthy, large variety are the most influencing factor which drive the customer to buy the private label brand. Therefore, these are the factors which should be considered while coming with the future private brand. This in return it will help the retail stores to increase sales.

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