"Brands Versus Private Labels: Consumer's perception towards Private Label Brands in Retail Stores"

Madhukumar.K* & Dinesh.N**

*Assistant Professor, Department of Management Studies,
PES University, Bangalore – 560085
Email:madhukumar@pes.edu
**Assistant Professor, Faculty of Management Studies
CMS Business School
Jain Deemed to be University, Bangalore -560009
Email:dinesh.rao@cms.ac.in

ABSTRACT:

The World's fifth largest retail Market is ranked by India. This is refining the economy and growth drivers such as favorable demographics, urbanization, and transition in consumer shopping behavior, which gives an opportunity for the development of modern retail formats. The retail market is expected to be twice the US $ 1 trillion in India by 2020. Private labels are a booming concept in the Indian retail market. It is the largest industry in India and contributing around 15percent of India's GDP. Due to change in per capita income and spending with growth in income, changing lifestyle etc. it is expected to grow 25 % yearly. This industry provides the second largest employment i.e. around 10 %. With the growth of service sectors and improving the industrial output in India has set the sustainable growth of this industry.

The paper captures consumer attitude towards private store brand versus private national brand while purchasing goods from the store. The paper also attempts to study the future prospects of private label for the store owner and future threats for private national brands. The study captures consumer attitude towards five attributes viz., quality, price, risk, packaging, and brand. The utility and implication of the proposed study are discussed for the owner of retailers, the owner of the private and the national brand, managers, and researchers.

KEYWORDS: Private label brands, Retail formats, Consumer attitude, National brands

INTRODUCTION:

Private label brands or house brands are those solely owned, controlled and sold by the retail store owner. The Indian retail organization which is predominantly stored brand driven are Westside and Pantaloons. Different segments such as accessories, footwear, colas, fruit juice, noodles, snacks, food ready, air fresheners, floor cleaners, detergents, etc. are available. The productivity of the store is improved by focusing more on private label brands. The retailer's focus is shifted towards FMCG, grocery and electronics from apparels and accessories segments. The growth of private label brands in India is the major reason for the growth of organized retailing in India[14]. The Indian organized retail market is stagnating at the infancy level i.e. 9 - 10 percent of all retail types[10]. Different promotional and positioning strategies are being explored by retailers to differentiate private label brands in the consumer's mind. The appropriate retail mix, national brand rivalry and the availability of shelf spaces are the main challenges faced by private retailers. The manufacturers usually supply the goods under the prescribed label and packaging of the retailer. The contract manufacturer does the same practice as well. Retailers purchase private label goods from the supplier or from the manufacturer and rename, repackage and sell as a general practice under their own brand name. The name or middleman name of the retailer or the combination of the two to sell their product on the market is based on the agreement between the manufacturer and the retailer. In order to improve overall profitability, large retailers or wholesalers are used for private labeling. Moreover, smaller retailers may not have sufficient marketing knowledge and funds to compete with another large national player on the market.

BENEFITS OF PRIVATE LABEL BRANDS:

- Due to the lower costs of advertising Private label brands are lower than the manufacturer's brand. Customers can, therefore, buy the same goods at a lower price[15].
- In addition, private brand retailers can meet competition and demand because they have more price control and can still leverage the price with customer demand[15].
- It can also create the point of purchase advertising for the customer's attention[15].
- The consumer perceives value in private label to store loyalty and value. Private label brand also appeals to the consumer concerned[15].
- Retailers can exercise bargaining power over manufacturers and have more control over shelf space[15].

BIG BAZAAR PRIVATE BRANDS:

- The Clothes: DJ&C, Pink n Blue
- FMCG: Tasty Treat, Fresh n Pure
- General merchandise: Dream-line
- Consumer & electronics products: Sensei and Koryo.

REVIEW OF LITERATURE:

Private label brands are a good alternative to different national brands in A.C Nielsen's study (2005) where 56 percent of consumers believed it. The overall sales promotion to advertising ratio at a shopping mall is increased from 60/40 to 75/65 percent as per the Chavdi & Shilpa study (2010)[4]. Significant research is being carried out to understand the impact of consumer behavior and the performance of private label brands among renowned national brands. The different consumption, socio-economic and shopping habits of customers distinguish private label brands from the manufacturers brand are identified by the Frank Boyd study (1965)[8]. The demographic and psychographic variables are important to the understanding of the consumer's attitude towards private label brands by Hundal (2008)[1]. The study determined the significant difference in the preference of the private label brand by different income groups by Code. The consumer's perceived risks are the subject of the Search and Experience attributes of the products and are relevant to the different categories of private labels and national products and brands studied by Batra & Sinha (2000)[2]. According to the Economic Times, 2013 in Delhi and Mumbai, there is a sales zoom of about 40 percent of the previous year, which shows a better chance for private label marketing.

OBJECTIVES OF THE STUDY:

- ✓ To study consumer buying behavior in Big Bazaar, Bangalore
- ✓ To study the awareness of the brand's private label at Big Bazaar
- ✓ Analyze the competitive position of the brand in the retail sector
- ✓ To study factors that can help promote private labels in Big Bazaar
- ✓ Identify various parameters that influence customer buying behavior.

EXPECTED STUDY CONTRIBUTION:

The awareness trend and existence of private label brands in the big bazaar stores is clarified by conducting this study. Self-researchers, academics, professional managers, prospect researchers and the people concerned at Big Bazaar will benefit from this study. It will serve as secondary data where these Parties may make use of the findings and suggestions for this research study in the future. To provide the values to the customer at a big bazaar the company management may implement the suggestions. In order to provide customer values at a large bazaar, the management of the company may implement suggestions.

RESEARCH METHODOLOGY:

- **Type of Research**: Descriptive research.
- **Sources of the Data:** The study was conducted in the Big Bazaar branches in Bangalore Research based on primary data, a self - reporting questionnaire for the study was developed.
- **Data Collection:** A structured questionnaire was used as an instrument consisting of closed-ended questions. The structured questionnaire covered the view in the structured questionnaire on various aspects was determined by one to one interaction.
- **Research Methods:** Primary data collection, survey, and observation methods have been used.
- **Sampling:**

  - Sampling Method: Convenience Sampling
  - Sampling Unit: Individual Malls Visitors
  - Sample Size: 90 [Respondents 80]
  - Population: Bangalore City

RESULTS AND ANALYSIS:

Table 1: Share of Product Category for one time Shopping Portfolio at Big Bazaar

Departments	Proportion	Departments	Proportion
Food Bazaar	38.33	Utensils	1.66
Apparels	26.66	Electronics	3.33
Staples	15	Toys	0
Home fashions	10	Accessories	1.66
Stationary	3.33	Foot Wear	0

Source: From primary data collection

From the above chart, it can be analyzed that in the customers shopping portfolio food bazaar contribute the major share. The food department has a major role to play in customer buying habits. The second major contribution is of apparels or the fashion bazaar followed by staples and home fashions.

From the study, it was founded that 45% of the customers know about offers and schemes through newspapers. The people in Bangalore city are more habituated to read newspapers so they are more influenced by that. The second most preferred source is words of mouth, 40% of customers are influenced it followed by in-store advertisements and television. The other important aspect is the other sources called website, and hoardings are ineffective for the customers of Bangalore.

From the basic information of the consumer, it was also analyzed that out of the total respondents (customers) only 66.67 % are aware of the private label brands available in the big bazaar store and remaining 33.33 % are unaware about the private label brands.

COMPARATIVE ANALYSIS OF PRIVATE LABEL BRANDS & NATIONAL BRAND:

HYPOTHESIS:

The following null and alternative hypothesis have been framed for this study. Here we assume that both the variables are independent.

H0: *There is no significant difference between the consumer attitude to private labels and national brands*

H1: *There is a significant difference between the consumer attitude to private labels and national brands*

Table 2: Consumer Attitude toward Private Label (PB) & National Brand

Sr No.	Parameters	Brand Category	Aggregate Score of the Consumer Attitude
1	Quality	PB	18
		NB	62
2	Price	PB	-32
		NB	17
3	Risk	PB	-28
		NB	33
4	Packaging	PB	43
		NB	76
5	Brand	PB	-5
		NB	88

Source: From primary data collection

The major consideration is that despite the infancy stage of the products of private label brands the price structure of it has no significant difference in comparison to the products of the national brand being in the maturity stage. The major consideration is that the customers feel more secure when they know the brand but in case of the private brand they have more threat of risk in comparison to the product of national brands. The major consideration is that the customers are always attracted by elegant packaging. In terms of packaging, the customers rated the products of national brands superior to products of private label brands. The major consideration is that the customers are always attracted to the products having a better brand image. In terms of brand image, the customers rated the products of national brands superior to products of private label brands.

Table 3: Single Factor ANOVA Test

Groups	*Count*	*Sum*	*Average*	*Variance*		
PB	5	-4	-0.8	1000.7		
NB	5	276	55.2	876.7		
ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	7840	1	7840	8.351976	0.0202	5.317655063
Within Groups	7509.6	8	938.7			
Total	15349.6	9				

Here the p-value is less than 0.05 that indicates the significant difference in attributes of private label and national brands. We can reject the null hypothesis and accept the alternative hypothesis. Hence, there is a significant difference between consumer attitude towards national and private label brand.

CONCLUSION:

From the above analysis, we can conclude that the consumer's perceived value and attitude towards private label brands and national brands are significantly different, so retailers need to make extra efforts to change the consumer's attitude. Additionally, the following issue can be recommended for Big Bazaar.

- The products of private brands should be promoted more
- Customers should be informed of offers and schemes related to private label brand products.
- The special zone should be developed to increase private label sales.
- Special VMs are intended to attract core customers.

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