

A STUDY ON PRIVATE LABEL PERFORMANCE AND ITS EFFECTS ON CONSUMER PREFERENCE, TIRUNELVELI DISTRICT

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Abstract - A product, which is manufactured by different contract manufacturer, is named by the retailer is known as Private label brands. The private label brands is also called Phantom brands. The boost in private-label is permanent during the contraction periods and that the private – label share behaves contra cyclically. The consumer preference is dynamic. It has got several dimension the way they adopt to prefer private labels. The private label brands have been taking a vital place in various industry based on the consumers preference. This study has been initiated with the view to identify the consumer preference on private label brands in different industries and understand the gender wise association with private label brands. Eventually to visualise the private label performance and the consumer preference.

The primary aim of this study is to find out the consumer preference on private label and various industry wise consumer preferences on private labels and to understand the association between gender and industry in terms of private label preference.

This study is descriptive in nature. The study was conducted among 338 respondents among them 241 male and 97 female respondents who are surveyed by convenient sampling method. A chi square test have been employed to find out the association between gender and Beauty and personal hygiene products, food and beverages, Apparels, Jewellery, Footwear, consumer durables. Correspondence analysis is used to visualise and understand the relationship between PL preference and PL performance, PI Performance and Industry Preferred.

It is concluded from the study that consumer preference is high on the industries where private label performance are high and consumer durable industry is excellent whereas Jewellery and food and beverages industry shows less consumer preferences. It is understood from the study that consumer preference on private label brands are high in several industry based on their requirement. It is suggested to the respective industry to strategically adopt decisions for taking up the high level private label sustenance.

Key words: Private label, Private label sustenance, Correspondence Analysis

Introduction

The boost in private-label she is permanent during the contraction periods and that the private – label share behaves contra cyclically. The consumer preference is dynamic. It has got several dimension the way they adopt to prefer private labels. The private label brands have been taking a vital place in various industry based on the consumers preference. This study has been initiated with the view to identify the consumer preference on private label brands in different industries and understand the gender wise association with private label brands. Eventually to visualise the private label performance and the consumer preference. **KatrijnGielens (2012)** Private-label brands are more likely to be effected by national brands that maintains a large price gap and offers new products with new intrinsic and usage benefits. PL brand quality as equal to the of national brands and mere innovations and introduction of new products in the market may not be the feasible tools for competition in the market. Only leading national brands can affect the economy tier PL brands and follower national brands may not affect the premium tier PL brands. This study would concentrate on understanding the relationship and association between private label and consumer preference.

Statement of Problem

This study is initiated to address the status quo of private label brands in Tirunelveli district. There have been many studies focusing on the consumer's preference of brands and products but there have been less focus on the private labels sustenance and the consumers' preference towards private labels. This study has been undertaken to find out the gap between the consumer's preference and the private labels performance by identifying the hidden patterns and the association of gender wise, family size wise and overall industry wise differences in adopting private label products.

Objectives

The primary aim of this study is to find out the consumer preference on private label and various industry wise consumer preferences on private labels and to understand the association between gender and industry in terms of private label preference.

Review of literature

Lien Lamey, Barbara Deleersnyder, Jan Benedict E.M., Steenkamp and Marnik G Dekimpe (2012) believe that the boost in private-label share is permanent during the contraction periods and that the private-label share behaves contra cyclically. They argue that the brand manager in the retail stores can be held responsible for the amount of contractions that could have strengthened their fiercest competitors if not for the occurrence of economic downturns. Based on this idea, retailers can see a further cyclical sensitivity for the practicing support to their own labels in contraction periods while cutting back in expansion periods. They have also proved that national brands will be more to cyclical fluctuations than private-label brands even with private-label share market gains. Here, the factors such as advertisement, new product introduction and the promotion pressure of brands. It is said that countercyclical strategy will help to have a greater success while fighting with the enemy that one loves to hate.

Kristopher O Keller, Marnik G Dekimpe, Inge Geyskens (2016) suggests that retailers with premium tier decisions can perform in a better way than the economy tier as the former is congruent with the contingency framework. The economy tier cannot have better performance even with congruence. Based on this study, the retailers can opt to link between store brand and retail banner or to choose for a stand-alone branding. The level of attractiveness of store-banner branding varies from one country to another country.

Kusum L. Ailawadi, Koen Pauwels and Jan Benedict E. M. Steenkamp (2008) are in the believe that behavioural loyalty of the households will be affected significantly by the Private-Label share. And the behavioural loyalty also have an effect on the private-label share. Retailers are able to reap the benefits of virtuous cycle. A greater behavioural loyalty specifically share of wallet will increase Private-label share and a greater private-label share increases share of wallet. This has helped us to create a relationship between the household's behavioural store loyalty and its private-label share. Consumers who purchase private-label from a chain have the tendency to build a chain loyalty, those who do not purchase private-label at all have no loyalty, and those who buy a lot of private-labels will have more savings than sticking to a particular PL and hence they shop for the best prices in several chains.

Rajeev Batrand Indrajit Sinha (2000) have examined the risk perceived while purchase decisions re taken between national brands and private-label brands. They found that when consumers perceive a low level of consequences for making a mistake of brand choice in a category, the purchase of private-label brands re increasing in that category. They also found that a consumer will buy fewer PL brands if the category's benefit requires actual experience instead of searching through package label information. This implies that a switch from national brands to PL brands can happen in case the consequences for a mistake in choice is reduced and when the consumer can trust the PL brand with expected quality.

Scot Burton, Garretson (1998) enquired a relationship between consumer's attitude toward private label brands and the latent value-perception constructs. They have found that private-label attitude is positively related to deal proneness and value consciousness. It is negatively related to price-quality perceptions and brand loyalty. There is a positive relationship between private-label attitude and smart-shopper self-perceptions of the consumers and reliance on self-reference prices. Their study also found a negative relationship between the private label attitude and impulsiveness, this means that consumers who have a positive attitude towards private-label brands do not purchase PL brands because of sale offers or coupons but rather they seek for different versions of the PL items.

Kamau Vincent Mugo (2017) suggested the different entry strategies to supermarkets and respective sustenance strategies. New product development, mergers and acquisitions, diversification and distribution changes are quoted as the best entry strategies whereas organization structure and slotting allowance are suggested as sustenance strategies. Going digital in marketing activities re also suggested for the small and medium retailers to establish a greater base for their private-label brands. The greater importance is given to the environment friendly operations of the retailers in order to have the attention of the consumers for the long run and for the future generations well.

Judith A. Garretson, Dan Fisher and Scot Burton (2002) have discussed, there is a positive relationship between value consciousness and attitudes toward both the private label brands and national brands. Value conscious consumers are more predisposed and less loyal to the national brands and they are likely to switch brands or to buy private label brands. The smart shopper self-perception of consumers is more positively related to the national brand promotion attitude than that of smart shopper self-perception and private label brand. They conclude that, off-price shopping preferences are driven by a complex set of factors, price-quality perception being the most important among these factors.

Paul C.S Wu, Gary Yeong-Yu Yeh and Cheih-Ru Hsio (2010) have revealed that, there exists a direct positive relationship between service quality and the private label brand image. They have found that consumers purchase intention of private label brands and the brand image will be affected by the perceived risk of the private-label products.

Archana Vahiendudhesh Paswn (2006) have found that the congruence between national brands and store image has a negative impact on private-label brand quality and on the other hand the store atmosphere and store service quality will have a positive impact on the perception of private-label brand quality. Presence of the national brand products in a store should be harmonized with the store's private-label brand image. Factors such as store atmosphere, convenience and store value along with the congruence between national brands and private-label brands at the store are the factors that affect the private-label brand image. More attention to be paid for the store quality dimensions in order to boost the image of private-label brands.

Robert L. Steiner (2004) is in the opinion that the consumer will be maximized if there exist a tight competition between national brands and private-label brands. In case any of them re dominant, the consumer welfare will be less provided by the market. He believes that private-label brands have the ability and they possess a unique competitive weapon to compete with national brands and even to constrain their market power. Reduction in the intensity or removal of competition among the two

types of brands- national brands and private-label brands can be done by collusion among the two but it may not be favoured by the consumers in all cases.

Jan- Benedict e.M. Steenkmp, Hrlid J. VnHeerde and IngeGeyskens (2010) have found that the willingness to pay higher prices for national brands is reducing round the world and markets are experiencing private label brand growth. Willingness to pay for national brands decreases as private label brands mature. They have suggested few techniques to counter-fight this trend. In countries with a mature PL the managers of national brands can refer to the basics of manufacturing. And in countries where the PL is in the development stage, national brand managers can emphasis more on marketing to enhance the willingness of consumers to pay for national brands.

Indrajit Sinha and Rajeev Batra (1999) have argued that the increase in the growth of the Private-Label brand is because the consumers are price conscious. To study this, they have a have developed a model and the have found that price consciousness can be effected by the perceived category risk and perceived price unfairness of the products. Such price consciousness determines the behaviour of consumers across categories and it explains the reason why some consumers buy more PLBs of one category as compared to other categories. Consumer's decision is affected by the perceived price- quality association while purchasing product from a riskier category.

Lien Lmey, Barbara Deleersnyder, Marnik G. Dehimpe and Jan-Benedict E.M. Steenkamp (2007) have found that the general perception that, private label share increases when the economy is suffering and it declines when the economy flourishes in a country, is true. Consumers switch from national brands to private-label brands during the economic downturns and they switch back to national brands during the recovery period but not with the same speed. They also observed that consumers not only tend to buy private label products in bad economic times but also they continue to buy the same products even when the economy is in a good condition. National brand manufacturers can mitigate the effect of economic downturns on their market share by intensifying their marketing support activities. This suggestion is made while the tendency is to cut expenses during the economic recession. Retailers can gin the market from the national brand manufacturers by a slight investment during the recession period.

Research Methodology

This study is descriptive in nature. The study was conducted among 338 respondents among them 241 male and 97 female respondents who are surveyed by convenient sampling method. A chi square test have been employed to find out the association between gender and Beauty and personal hygiene products, food and beverages, Apparels, Jewellery, Footwear, consumer durables. Correspondence analysis is used to visualise and understand the relationship between PL preference and PL performance, PI Performance and Industry Preferred.

Analysis and Discussion

Null Hypothesis: There is no association between Food and beverages and Gender.

There is no association between Food and beverages and gender. Based on the cross percentage, highest percentage is followed by the male about 30.8% on food and beverages of 21to30% at total 44.1% and least percentage is followed by female of 1.2% and total percentage of 3.8%. So there is no significant relation between food and beverages and gender.

Null Hypothesis: There is no significant difference between Beauty and personal hygiene products and gender

There is no significance difference between Beauty and personal hygiene products and gender. Based on the cross percentage total values, highest percentage is followed by the male gender about 71.3% on Beauty and personal hygiene products and least percentage is followed by female about 3.0%. So there is no significant difference between Beauty and personal hygiene products and gender.

Null Hypothesis: There is no association between Apparels and Gender

There is no association Apparels and Gender products. Based on the cross percentage value, highest percentage of total is followed by Male gender by 54.3% Apparels and the least percentage is followed about 0.0% up to 10% of apparels that was also male gender, so there is no association between Apparels and Gender.

Null Hypothesis: There is significant difference between jewellery and Gender

There is no significant difference between jewellery and gender. Based on the cross percentage value, highest percentage of total is followed 53.1% of male with (39.2%) and the least percentage is followed about 0.3% with same as male gender with (0.0%).so there is no significant difference between jewellery and gender

Null Hypothesis: There is significant difference between Footwear and gender.

There is no significant difference between Footwear and gender. Based on the cross percentage value, highest percentage of total is followed 56.1% of male with (41.5%) and the least percentage is followed about 0.3% with same as male gender with (0.0%).so there is no significant difference between footwear and gender.

CORRESPONDENCE ANALYSIS BETWEEN PL PREFERENCE AND PL PERFORMANCE

In the correspondence analysis PL preference cluster are treated as column points and Industry preferred clusters are treated as row points to find out the association between them. Table and the figure shows the correspondence between the PL preference and PL performance clusters

TABLE: 1

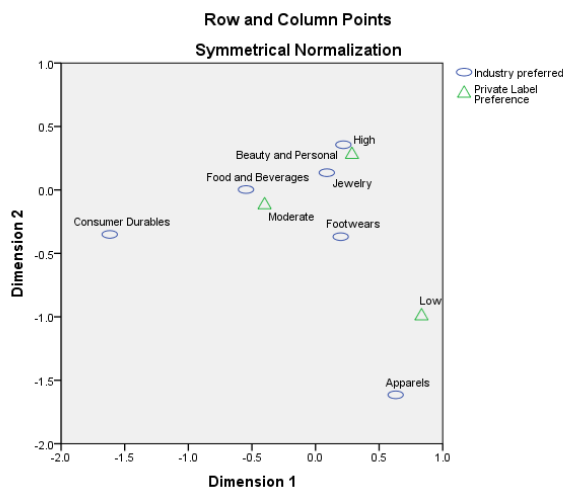
Correspondence Table				
Industry preferred	Private Label Preference			
	Moderate	High	Low	Active Margin
Food and Beverages	15	10	1	26
Beauty and Personal Hygiene	7	9	1	17
Apparels	4	3	2	9
Jewelry	101	109	15	225
Footwears	21	20	5	46
Consumer Durables	12	3	0	15
Active Margin	160	154	24	338

Table shows the correspondence analysis of two dimensional contingency table. The data are from research into PL preference and industry preferred clusters. Included in the questionnaire were questions about consumers' PL preference and industry preferred. In the above Table, scores on PL preference (low , moderate and high) have been cross tabulated with scores on industry preferred Food and Beverages, Beauty and Personal Hygiene, Apparels, Jewelry, Footwears, Consumer Durables (Active Margin).

TABLE: 2

Dimension	Singular Value	Inertia	Chi Square	Sig.
1	.163	.678		
2	.112	.259		
Total		.925	13.193	.213 ^a

The column headed 'proportion explained' shows that the first dimension explains 67 per cent of the total inertia, a measure of the spread of the points. Therefore a two dimensional solution appears satisfactory.



The results of the correspondence analysis show that there exists significant association between industry preferred and private label preference. It is evident from the correspondence analysis Biplot, There is a high association between industry preferred and private label preference with low level of categories. There exists a high association between industry preferred and private label preference as such is high and private label preference is moderate. In the same way, private label preference is high, industry preferred is moderate. Hence if the involvement is good among performance then it will have an impact on private label preference.

From the analysis it is evident that there exists significant association between clusters, industry preferred and private label preference hence, hypotheses is accepted.

CORRESPONDENCE ANALYSIS BETWEEN PL PERFORMANCE AND INDUSTRY PREFERRED

In the correspondence analysis PL performance cluster are treated as column points and Industry preferred clusters are treated as row points to find out the association between them. Table and the figure shows the correspondence between the PL performance and PL performance clusters

Table: 3

Correspondence Table							
PL Performance	Industry preferred						
	Food and Beverages	Beauty and Personal Hygiene	Apparels	Jewellery	Footwear	Consumer Durables	Active Margin
Poor	1	1	2	12	6	0	22
Below Average	4	2	4	46	7	3	66
Average	8	6	1	84	19	6	124
Good	11	8	2	72	11	4	108
Excellent	2	0	0	11	3	2	18
Active Margin	26	17	9	225	46	15	338

Table shows the correspondence analysis of two dimensional contingency table. The data are from research into PL preference and industry preferred clusters. Included in the questionnaire were questions about consumers' PL preference and industry preferred. In the above Table, scores on PL performance (Strongly disagree, Below Average, Average, Good, Excellent) have been cross tabulated with scores on industry preferred (Food and Beverages, Beauty and Personal Hygiene, Apparels, Jewelry, Footwears, Consumer Durables).

TABLE: 4

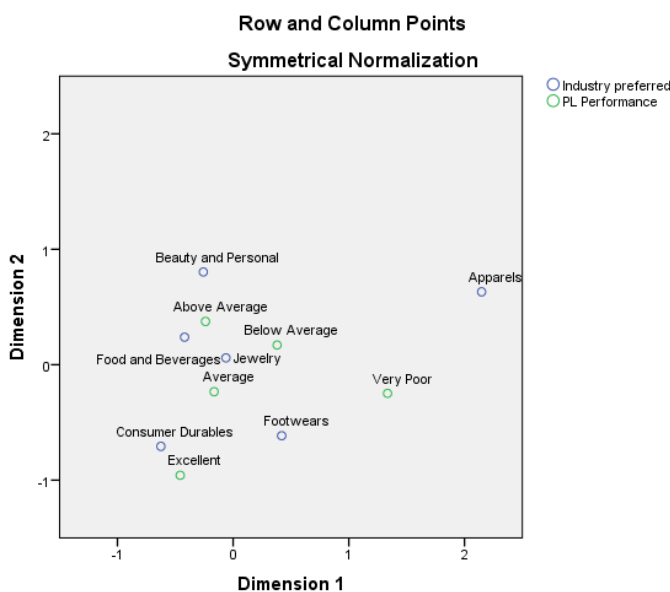
Dimension	Singular Value	Inertia	Chi Square	Sig.
1	.184	.034		
2	.123	.015		
3	.105	.011		
4	.063	.004		
Total		.064	21.614	.362 ^a

The results of the correspondence analysis show that there exists significant association between PL performance and industry preferred. It is evident from the correspondence analysis Biplot, There is a high association between PL performance and industry preferred with low level of categories. There exists a high association between PL performance and industry preferred as such PL performance is high and industry preferred is moderate. In the same way, industry preferred is high, PL performance is moderate. Hence if the involvement is good among performance then it will have an impact on industry preferred.

From the analysis it is evident that there exists significant association between clusters, PL performance and industry preferred hence, hypotheses is accepted.

Conclusion

It is concluded from the study that consumer preference is high on the industries where private label performance are high and consumer durable industry is excellent whereas Jewellery and food and beverages industry shows less consumer preferences. It is understood from the study that consumer preference on private label brands are high in several industry based on their requirement. It is suggested to the respective industry to strategically adopt decisions for taking up the high level private label sustenance.



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