

STORE BRANDS LEGACY: IT'S NOT ABOUT PRICE BUT QUALITY

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ABSTRACT:-

There is a paradigm shift towards the purchase of private label brands than the national level brands. Successful differentiation of the private label brands has been achieved worldwide and further their impact in the seen the developed markets (Justin Beneke, 2010). Continuing with the same context this paper elucidated about the consumer perception towards private label brands in India. The study was carried out check the consumer preference between private label brands and national brands. Its main objectives are to study the consumer perception of private label branding, to determine the relationship between customer loyalty and private label branding and to analyze the future of private label branding in India.

KEYWORDS:- Quality, Private Label Brand, National Brand, Product.

INTRODUCTION:-

PRIVATE LABEL BRAND IN INDIA

There is an alarming increase in the usage of the private label brand products across the globe. It is much higher in the developed countries like Europe, North America and Australia. And this same trend is shifting towards the developing countries like India, China, Brazil etc. The vital growth drivers for the success of the private label brand are retail consolidation, expansion of the discount factor among retail industry and lack of presence of brand loyal consumers. Private label growth comes at the expense of small and medium size brands and its success is shown in commodity segment, high purchase categories and where consumers seek very little differentiation among brands. As per the Nielsen Global Private Label Report, a survey was conducted among more than 30,000 in 60 different countries. Some of the shared sentiments across the diverse globe were:-

- 71% of the respondents agreed that private label quality has improved over the time.
- 70% of the respondents said that they purchase private label to save money.
- 67% of the respondents believed that private label offers good value for money.
- 62% of the respondents believed that buying private label makes them feel like smart shoppers.

POSITIVE PERCEPTIONS FOR PRIVATE LABEL ARE SHARED ACROSS THE GLOBE



Source: Nielsen Global Survey of Private Label, Q1 2014

REVIEW OF LITERATURE

1.	M. Ramakrishnan and Sudharani Ravindran	2012	This paper focused on the analysis of consumer perception towards private label brand on Big Bazaar, Coimbatore, Tamil Nadu. Its aim is to find success factor when retailers incorporates private label brands. Consumer’s impact on brand loyalty as a major factor was also checked. This study was focused on apparel and food and grocery sector. 150 respondents were surveyed with the support of structured questionnaire. Out of the 150 respondents, 75 were focused on Fashion Bazaar segment and remaining 75 were focused on Food Bazaar segment. Data was collected and analyzed using the statistical tools like percentile and frequency. Results were declared on the basis of hypothesis testing that
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			<p>there is a significant relationship between purpose of buying and the segment considered in private label brands. The purpose of buying the private label brand product was determined by the influencing factors such as quality of the product, price of the product, trustworthy and large variety. Further it expands to the conclusion that private label brands are gaining acceptance in the consumer's mindset in the food and apparel segment. Further points of research expansion were considered as the dependence upon retailer's ability to demark a line of distinction between national brands and private label brands.</p>
2.	Deepali Gala and Ramchandra D. Patil	2013	<p>This paper investigated that to increase customer loyalty and profitability; retailers have to shift towards the expansion of private label brands. They have found that profit margins on products designed and sourced by retailers were higher in comparison to the national brands. The objectives discussed in this paper were to study the product wise customer preference between national brand and private label brand, to study the satisfaction level of the customers towards the private label brands and to study the unfair practices adopted to attract customers towards private label brands. 50 respondents were selected on the basis of the convenience sampling technique belonging to the city of Sangli, Maharashtra. The data have been gathered from these respondents by the means of structured questionnaire. Further the data collected have been analyzed with the help of diverse statistical proficiencies like percentage, Chi-square test and Z-test. The demographic profile of the respondents revealed that 62% were male and 38% were female who make purchase of private label brand products and national brand products. Out of the total respondents, 24% prefer only national brands, 2% prefer only private label brand and 74% prefer both brands. They revealed that majority of the customers belong to middle age group (15 years old – 45 years old) comprising of 76% of the total</p>

			<p>respondents. Out of the total respondents, 64% belong to the income level group of 1 lac to 5 lac. Additionally results showed that people prefer buying private label brand in the food category and they prefer buying national brand in the clothing and electronic category. Major findings of the study were that facets responsible for the success of private label brand products were promotional offers, suggestion by other people and high cost of national brand products. It also revealed that facets responsible for the national brand products were quality of the product, easy availability and habit or tradition of buying. The limitations of the study were that it was confined to a particular area and certain type of product category.</p>
3.	Arif Hasan and Fayaz Ahmad Nika	2013	<p>The main objective of this paper is to study various factor influencing consumer brand preference for private label. This paper investigated about the concepts of development of private labels, their importance and consumer perception for brands and store image. Descriptive research design was applied to conduct the research. 200 customers of V-Mart retail outlet from Srinagar city filled the questionnaire using the convenience sampling technique. Data was collected and analyzed. It was found that using weighted average rank method respondents considered the factors in the following order of preferences: quality, durability, price, design, loyalty, range, offers, fashionableness and brand name. Results found that customer prefer national brand as they were more credible and rely upon them. Customers preferring store brand give more importance to the factors like price and good design differentiating them from the national brands. Customers didn't purchase V mart private label as they didn't found it in a particular category, which depicts that there were many potential customers for private label. Statistics highlighted the importance of information about private label provided by the sale executives aids in the decision making of customers. This paper suggested that</p>

			further research can also be conducted to correlate the demographic, socio graphic and attitude related behavior towards private label brands.
4.	R. Sathya	2013	The purpose of the study is to focus on integrating effect of consumer perception factors towards the Private Label food and grocery items and to analyze the attitude and perception associated with the purchase of Private Label Brand with special focus on retail outlets in Chennai region. The main objectives were to analysis on demographic variables that have impact on Private Label Brand purchase decision and an analysis on shopping behavior of consumers towards Private Label Brand grocery and food items compared to national brands. Further, it investigates about the price sensitivity of consumers which influence consumer's perception towards Private Label Brand grocery and food items and analysis on perceived economic situation which changes perception towards Private Label Brand grocery and food items was also done. Mall intercept method was used to collect data from 153 consumers. Findings revealed that major chunk of income were spending on grocery and food items. Consumer attitude is changing towards private label brands. Consumer hold on to their wallets due to job losses, volatility of stock market etc, which increases the chance of private label brand buying. Consumers consider as private label brand products as riskier product on quality and nutrition as compared to national brands. Among various private label brand product categories consumer prefer to buy only staples and food related items but items like milk related product, fresh fruit and vegetable and cooking oil are not still purchased. Consumer seeks to save money in tough economic situation. Price consciousness had the strongest role in predicting private label brand sales.
5.	Shruti Kirti Chauhan and Ram Singh Kamboj	2013	This paper anchor point is to analyze the consumer perception towards private label brand on Big Bazaar, Lucknow, and Uttar Pradesh. This paper caters to apparel

			<p>sector and food and grocery sector. To support this point authors studied the objectives as to find customer preference about national brand and private label brand, to analyze factor influencing the purchase of national brand and private label brand and to understand the possibility of success when retailers introduce private label brands. To fulfill these objectives, a sample size of 200 respondents (100 Fashion Bazaar and 100 Food Bazaar) were taken, which were also surveyed with the aid of structured questionnaire. The data collected was analyzed with the quantitative technique of Chi square value to test the hypothesis. Result showed that the facets responsible for the acceptance among the respondent for national brand were quality of the product and price of the product. Furthermore, result showed that the facets responsible for the acceptance among the respondent for private label brand were price offers, trustworthiness and variety of product. It also showed that 67% of the respondents would like to buy private label brand in the future. Authors concluded that private label brand is gaining acceptance at a faster pace, specifically in the food and apparel segment, and the future of the private label brand lies in the hands of retailer's capability to avoid the situations of adaptive supply chain practices and the blur created between national brands and private label brands.</p>
6.	Prasanth MK and J. Balan	2013	<p>This paper investigated about the consumption patterns of private label brands in Kerala, India. The retail outlets considered for the research were More, Spencer and Reliance Fresh. It takes into consideration food and grocery sector. The objectives of the study were to examine the role of occupation with respect to spending at the retail chains, to find out the consumer preference towards private label brands in context to Grocery, Home care and Processed food categories, to analyze the marital status with the consumption of private label brands and to analyze the relationship between the time spend and purchase of private</p>

			<p>label brands. Structured schedule was used to fill the data from the 755 customers by the interviewer. For analysis of the data, mean and standard deviation tools were used along with Kruskal Wallis, Friedman test and t test. Artifacts suggested that business people and professional prefer private label brands more over other people. Results also showed that private label brands were more elected in Home care sector than processed food category. Results also revealed that unmarried people would prefer private label brands in grocery and Home care segment whereas married people would prefer private label brands in processed food segment. Finally it revealed that consumers took more time in buying private label brands in grocery segment, then home care segment and followed by processed food segment.</p>
7.	M. Raja and M. I. Saifil Ali	2014	<p>This paper throws lights on the factors which would influence the customer perception towards private labels and to analyze the customer expectation towards private labels using Big Bazaar as a platform. The main objectives of this paper are to suggest measures to promote private label in Big Bazaar and to find out consumer preference of Private Label Brand's in various categories. For primary data consumer survey method was conducted with help of structured questionnaire from 50 respondents in Chennai using 5 point likert scale. A non probability convenience sampling technique was used. For analysis One-way Anova followed by Dunnett's test using GraphPad Prism software was done. Results showed that PLB's are more preferred in FMCG sector than apparel and others findings revealed that PLB's have good image, consumers are satisfied with its packaging, and they are quality and more economical. Consumers believed that PLB's are not associated to luxury goods.</p>

CONCLUSION AND SUGGESTIONS

- ❖ Major findings suggested that PLB's are more preferred in FMCG sector than apparel and others findings revealed that PLB's have good image, consumers are satisfied with its packaging, and they are quality and more economical. Consumers believed that PLB's are not associated to luxury goods.
- ❖ Unmarried people would prefer private label brands in grocery and Home care segment whereas married people would prefer private label brands in processed food segment.
- ❖ Finally it revealed that consumers took more time in buying private label brands in grocery segment, then home care segment and followed by processed food segment.
- ❖ Authors concluded that private label brand is gaining acceptance at a faster pace, specifically in the food and apparel segment, and the future of the private label brand lies in the hands of retailer's capability to avoid the situations of adaptive supply chain practices and the blur created between national brands and private label brands.
- ❖ Author stated reasons for the sustainable growth of private label brand in India were consumer based factors (preferable product, choice of returning the product, hygienic products, attractive packaging, easy transactions, tailor made products and better customer relationship), retailer based factors (better profit margin, control over price of the product, direct deal and free from burden of manufacturing process), manufacturer based factors (free from marketing activities, concentration on production and financial assistance from the modern retail chains) and government based factors (increasing demand of industrial goods, growth in retail sector, growth in SME's and conversion of unorganized retail into organized retail).
- ❖ Authors stated that gain of economic value
- ❖ through private labeling will be compensated by loss of social and ethical value of consumer.

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