Customer Perception Towards Private Label Brands In India

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Abstract: The dynamic environment in the Indian scenario has given opportunity for the introduction of Brands offered by famous private retailers . Brand Equity is considered to be the reason for the popularity such brands . This paper provides an insight into the various factors that influences the customers to prefer such brands . The impact of demographic factors is also taken into consideration. Apart from that various other factors that influences customer preference of private brands is also studied. Perception of customers towards service qualityof such brands is also studied. Descriptive research design used for the study. Sample size is confined to 310 and the sampling technique that is being used is convenience . Significant statistical tools were used for analysis using SPSS. The study conveyed the fact that customers prefer private label brands mainly because of its need satisfying capability at good quality and competitive pricing. Reliability and customer responsiveness are found to be significant drivers that influence customers to use private label brands.

Key Words: Private Label Brands, Customers, Preference

1. Introduction

Globalization in India has created a highly competitive and dynamic environment which has paved way for Private Labels. These brands are actually owned by the famous retailers who are the channel intermediaries. The popularity of such brand is mainly because of the retailer's brand equity that has been developed for years. Such retailers have adopted sales promotions through their own stores as well as through local media . Cost in promoting retailer's private brands is much less when compared to that of predominant manufacturer's brands. The quality of Private labels are highly compatible as well as good in quality too .Economies of scale and higher profits have actually influenced India's giant retailers with their various own labels .The collections offered by private retailers is supposed to be trendy too. The study also has provided a very special attention to know about the impact of the various growth factors of private label brands from the customer's view point.

Today there is a high demand for brands with high quality and low prices in the Indian market. Variety of products also dominates the scene. The various growth drivers and the profitability of private brands and the reasons of preference of customers towards such private labels have triggered the necessity to have this study .

2. Significance of the Study

Private label are highly preferred currently mainly because of the conservative approach of the customers. Giant retailers have started resorting to various marketing strategies for their very survival and one of the innovative strategy being adopted is private branding. Private labels have been introduced in various categories like dresses, food and grocery items , health & personal care, consumer durables, etc. The hidden driving force in launching private brands is to sustain customer loyalty. Retailers currently are trying out more innovative ideas to increase their market share over other competing international and national brands. Nearness to customers is another major factor that influences their capability to make quick changes to products based on the changes that continuously takes place. The study therefore is considered to be highly significant in understanding the perception of customers towards private labels.

3.Review of Literature

Coelho et al. (2013) declared in their study that preference towards phantom brands termed as private labels is mainly based on the l decision-making of the individual. Brands have different connotation for customers which largely influences the purchasing behaviour. Customers have a different perspective towards various brands. Private brands are found to have a significant influence on consumer perceptions based on its relative rational and emotional advantages (Vysekalová & Mikeš, 2009). Gavurová et al. (2018) has stated that social media mix has relatively got more influence for marketing activities.ce. Maisam & Mahsa (2016) investigated the roles of values and brand image. Dunne & Narasimhan (1999) identified that the retailers' brand has a waek entry into the market. SuttonBrady et al. (2017) studied the impact that private brands have on the minds of customers. Doyle & Murgatroyd (2011), in their study found that private labels have a significant role to play in a highly dynamic and competitive market . Katarina Valaskova, Jana Kliestikova(2018) in their study on *Consumer Perception of Private Label Products* identified the variables that significantly influence the consumer's attitude towards procurement of private labels. Aja Ebeke Egele, Prince Obinna Ikechi (2017) in their study on *Consumer Attitude on Private Label Brand Purchase Behaviour in Nigeria* found out that the consumer's purchasing behaviour towards private label products is mainly because of store offerings. Komal Chopra, Shouvik Dasgupta(2017) has conveyed the fact that there is a high level of awareness private brands.Sarah Nyengerai(2015) in the study on private brands concluded that private brands can be promoted by offering packaged products of high quality..Deepali Gala, Ramchandra D. Patil, (2013) studied the various measures resorted by retailers to divert the attention of customers from national & international brands to private brands. Prasanth.M.K , Balan.J, (2013) in their study stressed on the brand awareness based on perceived service quality, store layout, price discounts, shelf display .Dineshkumar , Vikkraman (2012) in their study concluded that customers give more importance for brand reputation and quality towards manufacturer brand . But for private brands customers more importance to Price and they are highly motivated towards trying out new brands. Retailers should therefore pay special attention to both retain the existing customers and attract new customers by new offers of private labels.

4. Research Objectives

- To find out the impact of the various demographic factors on the preference of customers towards private labels
- To know about the various factors of motivation that contribute towards creating a positive influence
- To study the empowerment of retailers as a growth driver in promoting private label brands

5. Research Hypotheses

- **H01:** There is no significant difference between the impact of gender on their preference towards private label products
- **H02:** There is no significant difference between the Age groups of customers in preferring private label products.
- **H03:** Customer’s shopping frequency of private label Products is not dependent on income
- **H04:** Significant difference is not evident between the predominant factors of motivation in influencing customers’ perception.
- **H05:** Empowerment of retailers in improving the sale of private label brands follow a normal distribution
- **H06: S**ignificant association is not evident between availability of varieties in private labels and satisfaction of customer needs

6. Research Methodology

Descriptive research design is maiinly used for this study as the study deals with the description of the state of affairs, as it exists at present. Both primary and secondary data are collected for this study .Convenience sampling which is a non-probability sampling is used for this study . The sample size is restricted to 310. A structures questionnaire was used to collect the response from the customers. Questionnaire comprises of the usage of Likert’s 5 point rating scales , rankin, multiple choice g and dichotomous questions . Both Descriptive and Inferential statistics were used for analysis . The study involved the usage of various statistical tests like Chi-Square Test, One Way ANOVA, Pearson’s Correlation, Independent sample ‘t’ test, Kolmogrov-Smirnov test, Wilcoxon’s Signed rank test, Friedman’s test, Percentage method etc. SPSS is used for data analysis.

7. ANALYSIS AND INTERPRETATION

TABLE 1: GENDER OF THE RESPONDENTS

Gender	Frequency	Percentage	Cumulative Percentage
Men	193	62.3	62.1
Women	118	37.7	100.0
Total	310	100.0	

The table above depicts that 62.3 % of the respondents taken for the study are male and 37.7% of them are female. It is inferred that the study has more male respondents .

TABLE 2: PREDISPOSITION TOWARDS PHANTOM BRANDS BASED ON GENDER
(Independent sample‘t’ test)

Variable	Mean	‘t’ value	df	Sig.(2-tailed)
Male	3.37	-.109	308	.911
Female	3.38			

- **H01: Significant difference is not found between male and female in customer’s preference towards Private Labels**
- **HA1: Significant difference is found between male and female in customer’s preference towards Private Labels**

H01 is accepted as it is inferred from the table above which depicts the probability value of .911 . It is not significant as the value is greater than 0.05 alpha value . Hence it is concluded that significant difference is not found between between male and female in their preference towards private label brands. The same is implied from the mean values of preference of male respondents (3.37) and female respondents (3.38) .

TABLE 3: AGE OF THE RESPONDENTS

Age (in years)	Frequency	Percentage	Cumulative Percentage
21-30	117	37.7	37.7
31-40	117	37.7	75.4
41-50	41	13.3	88.7
>50	35	11.3	100.00
Total	310	100.0	

From the earlier studies it is identified that age affects the preference pattern and satisfaction level of respondents in respect of private labels. Based on the age of the respondents in their preference towards phantom brands it is found that the distribution does not have that much of deviation which is evident from the table given below.

In the age group of 21-30 and 31-40 clientele are found to have the same extent of preference with 37.7% each and customers in the age group of 41-50 years is relatively found to have less preference followed by customers in the age group of above 50 years.

TABLE 4: CUSTOMER'S PREFERENCE TOWARDS PRIVATE LABEL BRANDS and MANUFACTURER'S BRANDS

Customer's Preference	Frequency	Valid Percentage	Cumulative Percentage
Mostly Private Label Brands	231	74.5	74.5
Mostly Manufacturer's Brands	37	11.9	86.5
Equally Preferred	42	13.5	100.0
Total	310	100.0	

It is found that most of the respondents have a positive predisposition towards private label brands (ie) 75% while 12% of the respondents are found to have preference for mostly manufacturer's brands and around 14% of the respondents have an equal consideration for both the brands.

TABLE 5 : INFLUENCE OF AGE ON CUSTOMER PREDISPOSITION TOWARDS PHANTOM BRANDS(One Way ANOVA)

Shopping Frequency	Income					Total
	<15,000	16,000-25,000	26,000-35,000	36,000-45,000	>45,000	
Once in a week	7	15	6	6	5	39
Once in a Fortnight	20	34	6	5	6	71
Once in a Month	13	46	6	10	6	81
Once in six months	15	42	5	8	8	78
Once in a year	5	20	6	5	5	41
Total	60	157	29	34	30	310

Age(in years)	N	Mean	F value	df	Sig.(2-tailed)
21-30	117	3.31	1.653	2	.193
31-40	117	3.54			
>40	76	3.22			

- **H02: Age Groups does not have a significant influence towards Customer's preference towards private label brands**
- **HA2: Age Groups have a significant influence Customer's preference towards private label brands**

The probability value of .193 is not significant as it is greater than .05 alpha value and hence H0 is accepted. It is therefore concluded that there is no significant difference between the various age categories of the clientele in their preference towards private label brands. Based on Duncan's Post hoc analysis the fact is quite evident from the mean values of the various age groups of the customers (i.e) 21-30 years (3.31), 31-40 years (3.54) and more than 40 years (3.22)

TABLE 6: INCOME OF THE RESPONDENTS

Income Level	Frequency	Valid Percentage	Cumulative Percentage
<15,000	67	21.6	21.6
16,000-25,000	176	56.8	78.4
26,000-35,000	16	5.2	83.5
36,000-45,000	28	9.0	92.6
>45,000	23	7.4	100.0
Total	310	100.0	

When the influence of income on customer preference towards private label brands is analysed it is found that private brands are more preferred in the income range of 16,000-25,000 and customers in the income level of 26,000-35,000 is found to have the least preference.

TABLE 6: SHOPPING FREQUENCY OF CLIENTELE OF PRIATE LABEL BRANDS BASED ON INCOME

- **H03:** There is no significant relationship between customer's shopping frequency of private label brands and their income
- **HA3:** There is significant relationship between customer's shopping frequency of private label brands and their income

Results of Chi-Square Tests:

	Calculated Value	df	Sig.Value
Pearson chi-square	13.483	16	.637

It is evident that the chi-square value of 13.483 with 16 degrees of freedom is not significant . The probability value of .637 is greater than .05 level of significance and therefore H03 is accepted. It is therefore concluded that there is no significant relationship between customer's shopping frequency of private label brands and their income .

TABLE 7: OCCUPATION OF THE RESPONDENTS

Occupation of the respondents are also found to have a significant influence in their preference towards private brands. Full time salaried households are found to have more preference towards private brands when compared to that of other categories.

Occupation	Frequency	Valid Percentage	Cumulative Percentage
Self Employed	17	5.5	5.5
Part Time Salaried	38	12.3	17.7
Full Time Salaried	213	68.7	86.5
Others	42	13.5	100.0
Total	310	100.0	

It is found from the above table that the least preference is from respondents who are self employed with 5.5% and nearly 69% of the respondents who are full time salaried individuals prefer to have private brands.

TABLE 8: INFLUENCE OF MOTIVATING FACTORS IN CUSTOMER'S PREFERENCE TOWARDS PRIVATE LABEL BRANDS

Motivating Factors	Mean	Rank
Quality	4.05	IV
Price	3.46	VII
Variety	3.82	VI
Pre- Sales	4.31	II
Need Satisfier	4.37	I
Discounts	4.12	III
Credibility	3.87	V

- **H04: There is no significant difference between the predominant motivating factors in influencing customers to have a positive predisposition towards private brands**
- **HA4: There is significant difference between the predominant motivating factors in influencing customers to have a positive predisposition towards private brands**

N	**310**
Chi-Square	**39.184**
df	**6**
Asp.Sig.	**.000**

It is inferred from the table above that the probability value of .000 is highly significant since it is less than 0.05 level of significance and therefore null hypothesis is rejected. Hence there is significant difference between the predominant motivating factors in influencing clientele to have a positive predisposition towards private brands.

Among the various factors that are analysed it is evident that majority of the respondents prefer private brands mainly because of the fact that they are found to have a larger impact as need satisfiers followed by Pre-sales counselling which occupies the second position. Discounts, Quality, Credibility, Variety of Products under private labels occupy 3rd,4th, 5th and 6th position respectively. Price is not found be the major influencing factor as it occupies the last position.

TABLE 9: RETAILER'S EMPOWERMENT IN PROMOTING PRIVATE LABEL BRANDS

- **H05:** Retailer's Empowerment in promoting private label brands follow a normal distribution
- **HA5:** Retailer's Empowerment in promoting private label brands does not follow a normal distribution

One Sample Kolmogrov-Smirnov Test

Retailer Empowerment	
N	310
Mean	3.15
Std.Deviation	1.268
Test Statistic(K-S Test)	2.909
Asp.Sig(2-tailed)	.000

From the above table it can be inferred that the probability value of .000 is highly significant as it is less than the 0.05 level of significance and hence null hypothesis is rejected and alternative hypothesis is accepted. It can therefore be concluded that retailer's Empowerment in promoting private label brands does not follow a normal distribution.

8. Results and Discussion

- Significant difference is not found between between male and female in their preference towards private label brands which is implied from the mean values of preference of male (3.37) and female(3.38) .
- Irrespective of age groups customers are found to have more or less similar predisposition towards phantom brands . Age has as impact in influencing the purchasing behaviour of clientele . The study has clearly revealed that private label brands enjoy more or less similar popularity among customers of all age groups. It is also concluded that there is no significant difference between the various age categories of the clientele
- Majority of the respondents taken for the study have a positive predisposition towards private brands (ie) 75%.

- Private Label brands are found to be more preferred in the income range of 16,000-25,000 and customers in the income level of 26,000-35,000 have the least preference.
- There is no significant relationship between clientele's shopping frequency of phantom brands and their income. It is revealed in the study that 69% of the respondents who are full time salaried individuals have a strong preference towards phantom brands.
- There is significant variations among the predominant motivating factors in influencing clientele to have a positive predisposition towards phantom brands. Customers prefer private brands mainly because of the fact that they are found to have a larger impact as satisfiers of needs since it is ranked 1st followed by Pre-sales counselling which occupies the second position.
- Retailer's empowerment in promoting private brands does not follow a normal distribution.

9. Conclusion

Private label labels have created lot of challenges and opportunities for Indian retailers. Renowned Retailers today have recognized that compared to branded products the profit margins on products designed and sourced by them are significantly higher . Once private label brands considered to be cheaper products. But in the recent years their growth is considered to be relatively more higher ad they are equally competent with that of manufacturer's brands. They stand in par with that of manufacturer's brands in terms of quality, variety, discounts, need satisfying capability etc. Private brands today are viewed as good quality, value-for-money choices and retailers have well understood the monetary benefits of creating private labels . Private label brands in India today are no more viewed as cheap and low-quality alternatives. Hence by emphasizing on high quality and low cost alternatives private brands are viewed to have a huge market success.

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