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An Analysis of Consumer Perception Towards Retail Brands in Big Bazaar, Chennai

KEYWORDS: Retailer, Retail brands, consumer, customer perception and brands

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ABSTRACT *Retailing occupies a pre – eminent position in all economies. Retailing includes all those activities that involve the sale of goods and services to ultimate consumers for personal, family and household use. Changes in Indian retailing have been constant but the pace of development is fast over past few years. One such change is the emergence of private labels on the shelves of retailers which becomes the integral part of retailing.*

Private label products or services are typically those manufactured or provided by one company for offer under another company's brand. Private label goods and services are available in a wide range of industries from food to cosmetics to web hosting. They are often positioned as lower cost alternatives to regional, national or international brands, although recently some private label brands have been positioned as "premium" brands to compete with existing "name" brands.

Organized retail is a big revolution to Indian economy, which not only contribute national brands and also private label brands. So it is necessary to understand the customer perception towards private label brands in a retail store.

This paper throws lights on the factors which influence the customer perception towards private labels and to analyze the customer expectation towards private labels using Big Bazaar as a platform. The main objective of this paper is to suggest measures to promote private labels in Big Bazaar, Chennai.

Introduction

The Indian retail industry is the second largest employer after the farming sector. About 40 million people are employed in Indian retail sector of which about half a million are employed in the organized sector (Kumar et al., 2008). It is the 5th largest retail destination globally. According to AT Kearney's eighth annual Global Retail Development Index (GRDI) in 2009, Indian Retail market attracts more investments. FDI is also increased in this sector.

In India, the food and grocery retail businesses constitutes 70% of the retail pie. By using various retail formats corporate such as Mukesh Ambani's Reliance Group, RPG Group's Spencer's Retail, Subhiksha, Future Group's Big Bazaar and Food Bazaar, Vishal Retail have been attracted by food and grocery retail businesses.

Indian retail sector is expected to grow $635 bn by 2015 (Moriarty et al, 2007, p.9). It is growing at a compounded annual growth rate of 5%. In India organized retail constitute less than 6% and unorganized retail business contributes 10% of India's GDP (Moriarty et al 2007). Till the early 1990's the Indian organized retail industry had not evolved and unorganized business dominated the retail sector. The reasons for discouraging the organized retail businesses were untrained manpower, lack appropriate tax laws and policies of the Government, lack of consumer awareness restricted many players enter into organized sector.

Kishore Biyani of Future Group's PRIL (Pantaloon's Retail India Limited) laid the foundation for organized retail in India. After the Pantaloon's success several Indian business giants entered into Indian organized retail sector.

Review of literature related to Private Label (PL) brings forth researches carried out related to certain issues. PLs are produced by contract manufactures under license. The PL revolution was first observed in Europe and Canada (Justine, 2009). Private labels can offer the same or even better quality than national brands, but at a lower price (Kristof De Wulf 2005). PL growth has been highly uneven across product categories (Hoch and Banerji, 1993). Dhar and Hoch (1997) found that by far the largest source of variation in PL share across markets, retailers, and categories (40%) is due to the differences among product categories. Originally, manufacturer brands dwarfed retailer brands in size and, through extensive marketing, led sales by suggesting their brands were synonymous with "trust, quality and affluence" (Nirmalya Kumar, 2007). Kumar and Steenkamp (2007) note that over use of promotions b manufacturer brands may condition consumers to become price sensitive and this may, eventually, result in a "trade down" to a private label item. Therefore deal seekers become regular purchasers of Private labels over time. Meyer and Gertsman (2005) demonstrate that differences in packaging between private label and manufacturer brands have been reduced over time. Baltas (1997) identified familiarity, extrinsic cues, perceived quality, perceived risk, and perceived value for money and income level as the primarily influencing factors of private label proneness. Halstead and Ward (1995) highlight the fact that retailers have re – evaluated the importance of packaging for their private label brands. Davis(2002) identified further positive repercussions resulting from a strong brand other than simply increased sales. Some researchers studying consumer level factors for PLBs proneness such as Richardson, Jain and Dick(1996) –have not studied across category variations at all. Thus retailers are placing more emphasis on adding color or modifying packaging to appear more like competing manufacturer brands. Thus, a review of previous studies in the area of PLBs reveals that research on customer perception of PLBs has been more limited. The present study aims to gain insights into how Indian consumers perceive Private labels. The research finding enables the retailers to understand the importance of various factors in being successful with customers in private labels.

Private Label

A private label is defined as a brand name owned by a retailer or wholesaler for a line or a variety of items under controlled or exclusive distribution (Euromonitor, 1998). Retailer private labels, are often referred to as own labels, store brands, or distributor – owned brands (Nirmalya Kumar and Jan – Benedict E.M. Steen Kamp, 2007).

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Globally, own label brands contribute to 17 percent of retail sales with a growth of 5 percent per annum. International retailers like Wal-Mart of USA and Tesco of UK have 40 percent and 55 percent own label brands representation in their stores, respectively. In India also, retailers are increasingly putting their weight and marketing muscles behind their private labels. The worsening economic condition has also forced them into looking for ways of combating increasingly intolerant manufacturers and retaining higher profits through means like private labels. Financially strained consumers are also more likely to try these 'value for money' products. Here is a status check on some of the major Indian Retailers:

Customer Perception
In general, perception is gathering information through our senses, which are seeing, hearing, touching, tasting, smelling and sensing. Through these senses we can perceive things, events or relations. But as there are so many different stimuli only a small portion of them are noticed and an even smaller amount can really reach our attention. And that's were it is necessary to talk about the difference between Sensation and perception. Although the distinction between sensation and perception is not that easy as it was believed in former times, a rough distinction can be made. *Sensation* is the immediate response of our sensory receptors to such basic stimuli as light, colour, etc. *Perception* is the process by which these stimuli are selected, organized and interpreted. Customer perception enables the marketing manager to understand how the customer views a product or service.

Objectives of the Study
This research has been conducted to understand the customer's perception towards PLBs in Big Bazaar, Chennai. This paper aims to uncover current customer perceptions of, and attitudes towards PLBs in the Indian retail sector. Further it aims to shed the lights on the effect of quality, price, packaging, image and confidence have on shopping behavior with reference to PLBs purchasing.

Research focus:
Analyzing the customer perception towards private labels in Big Bazaar.

- To suggest measures to promote private label in Big Bazaar.
- To find out customers' preference of PLBs in various categories.

Big Bazaar: Company Profile
Big Bazaar is established by Mr. Kishor Biyani., CEO of Future Group. The Future Group consist various formats such as Pantaloons, F123, Urbana, Brand Factory, Hometown and Central. Big Bazaars are located all over the India, among that Chennai, Bangalore, Hyderabad, Kolkata, Pune, Mumbai and Delhi. It offers various facilities like online shopping, Futurebazaar.com, Discounts, Free gift wrapping etc.

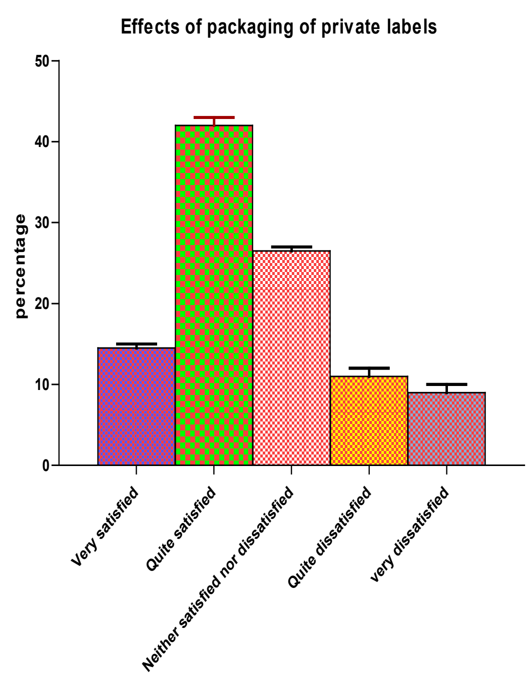
At Big Bazaar product price is lower than the competitors' price. Kishore Biyani, CEO, Future Group, said, "We started out as a fashion brands company. But then we experimented with lot of brands on the food side, like tasty bytes, cola and butter. After the success of Cola we thought why can't don't launch our toothpastes, detergents?" Now a day it offers large variety of goods under one roof. It offers good quality private labels.

S.No	Product Category	Private label
1.	Apparels	John Miller, Bare, DJ&C, Indigo Nation, RIG etc.
2.	FMCG	Tasty Treat, Fresh n Pure
3.	General Merchandise	Dream – Line
4.	Consumer durables and electronics	Sensi and Koryo

Private Labels of Future Group (Big Bazaar)
Future Brands, the group's wholly-owned subsidiary, plans to launch sportswear, lingerie and beauty products in the next 3-4 months along with FMCG products such as toothpaste, soaps and detergents among others.

Methodology
The research is of exploratory in nature. As per the requirement, primary and secondary data have been collected. For primary data collection, consumer survey method is used. A questionnaire is set up in which structured questions are used from which 50 respondents contributed their views about Big Bazaars' private labels in Chennai. A non – probability, convenience sampling technique was used to administer a consumer survey.The obtained results were analysed for statistical significance using one – way ANOVA followed by the Dunnett's test using GraphPad Prism statistical software.

Results and Discussion
Perceptions about packaging of PLBs
Packaging of products reflects their quality to consumers. The following graph illustrates that perception of PLBs' packaging. 42% of respondents felt that packaging of PLBs was quite satisfied and mere 8% of consumers are very dissatisfied with regard to packaging.



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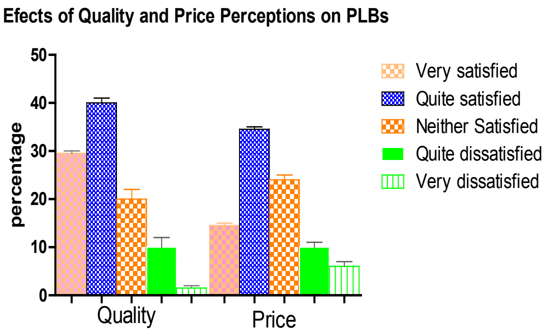
Quality and Price perception of PLBs

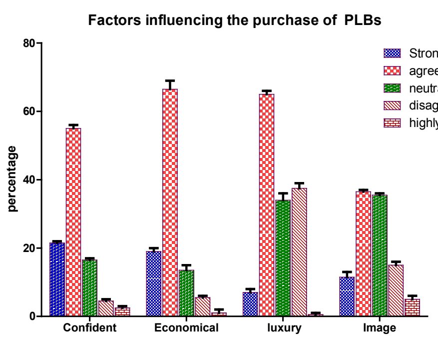
Walker (2006) revealed with regard to the quality of PLBs varying perceptions in the literature. According to the survey findings, the majority of consumers (40%) were quite satisfied in their attitude towards PLBs quality levels and 29% of the respondents were very satisfied.20% of the respondents neither satisfied nor dissatisfied.

Consumer's attitudes towards PLBs price levels, 36% respondents were quite satisfied and 24% consumers neither satisfied nor dissatisfied.



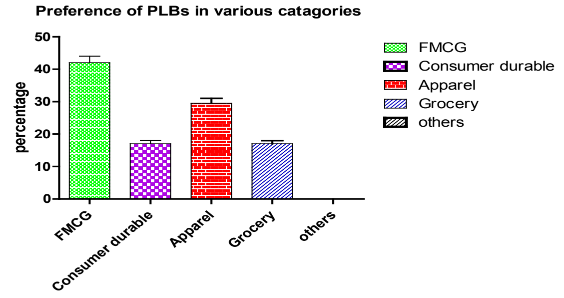
Factors influencing private labels

According to the survey findings 56% of the respondents felt confident when they use PLBs. 64% of consumers agreed that the PLBs are economical and only 6% of respondents disagreed. It was found that 37.5% of respondents disagreed that the private labels are associated to luxury. According to the survey 36% of consumers agreed that private labels are good for their image and 36% of the respondents were neutral that the PLBs are good for their image.



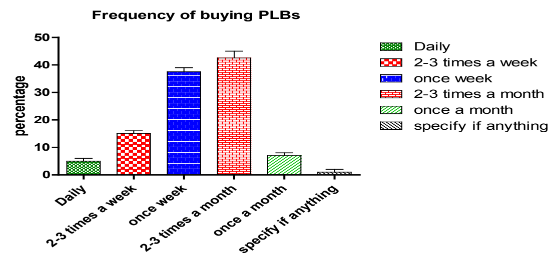
Preference of PLBs in various categories

According to the survey findings, majority of consumers (40%) preferred FMCG PLB, 28% of respondents preferred Apparels and16% of respondents preferred Grocery.



Frequency of Buying PLBs

The consumer survey findings reveals that majority of consumers (40%) are buying private label products two to three times per month. 36% of the respondents buy private labels once in a week and 14% of consumers buy PLBs two to three times in a week.



Conclusion

Private label brands have made tremendous inroads over the past two decades. Indian retailers continue to expand the domain of private label offerings though the success of PLBs has been limited to segments of consumers and certain product categories. In this research the objectives were to assess how PLBs are perceived in a multicultural context. The findings reveal that PLBs have good image, consumers are satisfied with its packaging, and they are quality and more economical. Consumers believe that PLBs are not associated with luxury goods.

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