



Consumer Perception Towards Private Label Brands

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KEYWORDS

Introduction

India's retail industry is the world's fifth largest global destination in the retail space. Indian retail sector has emerged as one of the most dynamic and incredible growing sector due to the entry of several new players. It accounts for over 10 percent of the country's GDP and eight percent of the employment. In India large young working population, nuclear family structure in urban areas and increasing working women population are the key factors in the growth of retail sector. The growth pattern in organized retailing and in the consumption pattern of the Indian population is helping the marketers to enter into the Indian retail industry. This lucrative growth of the Indian retail market brings more competition both domestic and foreign retail marketers. Retailing in more developed countries is big business and better organized than many developing countries particularly in India. McKinsey & Co in partnership with confederation of Indian Industry (CII) states that the global retail business is worth a staggering US \$ seven trillion. The ratio of organized retailing to unorganized in US is around 80 to 20, in Europe it is 70 to 30, while in Asia it comes to around 20 to 80. Hence there lies a great scope in Asian countries especially in India since it has more number of unorganized retail stores than any other Asian countries. And all major sectors of retailing are registering a promising growth especially, Food and Grocery accounting as prominent sector.

Due to the great potential in the growth of Indian retail industry, more number of foreign retail companies like Wal-Mart, Tesco, Carrefour are coming to the India and well known corporate establishments from the domestic like TATAs, Reliance, ITC, Godrej, Birla group also entered into the retailing business. Hence today's retailers facing stiff competition from the domestic and foreign retailing companies. In order to face the competition retail marketers are adopting various marketing strategies among that one of the unassailable strategies is having store/private brand for differentiate from others. The major advantage coming with a private label to retailer is that is the factor of differentiation that a retailer can have with private labels. However in order to create such differentiation the retailer should be successful in positioning the private label against the national brand in such a way that a private label should be considered as equivalent as or better than the national brand. Thus obtain the benefit of such differentiation is a long term strategy for a retailer, as creating a private label as equivalent or better than the national player is a long term process and involves a lot of commitment in terms of time and efforts from the retailer.

Need for the Study

Food and Grocery is leading the organized retailing in India's concern and over the past decades there have been comprehensive changes in retailing sector with the introduction of policy changes macro level and in micro level private labels, which carry benefits for the retailers and consumers. The de-

velopment of private brands is constantly increasing, earlier private brand were once a small part of retailers' merchandise, but is today taking significant factor for most retail operations. Today's consumers are well educated hence they are evaluating any retail store taking into account is the brands it deals. This statement particularly true in case of metro cities; however, similar trend is evident in the urban population of Tamil Nadu as well. The current study attempts to discover the consumer perceptions related to private labels in food and grocery items. The relationships of private brands with store loyalty, satisfaction have been confirmed by various studies and these studies provides the base to understand the consumers well. Extrinsic and intrinsic factors are the two important factors which the consumers take into account. It has been studied that the people of Coimbatore are very much quality and price conscious. It has also been found that major studies in private labels emphasize on the apparels items. Food and grocery items are generally higher involvement product than clothes and people more conscious on quality in the case of food and grocery items. Consumer behavior studies focusing on private label brand is very limited especially in the Coimbatore region. This study is therefore intended to close this gap in the literature which aimed to understand consumers' purchase intention in general and to determine the factors influencing purchase intention of private label brand food and grocery products. The researcher also tried to compare the difference in consumer perception and attitudes towards private label food products.

Statement of the Problem

Globally Indian retail market is the fifth largest retail destination and ranked as second most attractive emerging market for investment in retail sector. Thus create the opportunities for retailers and manufacturers to knock the opportunities in an upward trend and there by the sector can contribute to the country economic development it is particularly true for India's concern since retail sector contribution to the countries GDP is around 12 per cent in the year 2009. In India retail market is growing very high-speed at the rate of 30 per cent and it is anticipated to grow at a faster pace, especially economy open to the foreign retailing companies and investment too. With these changes Indian retail industry is undergoing a wide range of change with the entry of corporate players / new players like Future Group, Reliance, Aditya Birla and all into this industry. Thus, with the growth of organized retail in India, the Private Label Brands (PLB) are also expected to grow further these industries are betting with private label brands from corner to corner of food and non-food items. A study stated that Indian consumers are spending nearly 50 per cent of total expenses for food alone. These organized retail industries has introduced private label brand in these category to tap this opportunities since this category is offering good margin to them as compared with national/premium brand and offering products to consumers at lower rate. Hence research on private label brands has been of generous interest

to the marketers and academicians. The growth of private label brands in India presents an interesting opportunity for the retail managers to understand the motivations behind choice of PLB. Understanding more about the perception and behavioral of consumers towards PLB has implications for Indian retailers since when these retailers are contemplate a move into an unfamiliar market, success or failure is affected, in part, by how local customers perceive their PLB products. In initial stage most of the previous studies have done in from the customers' point of view with focusing choice of PLB by simple demographical variables later on as the demographical variables had poor explanatory power hence researcher focused their work on attitudinal and behavioral characteristics of customers to determine the choice of PLB. On the other hand all these studies never tried to integrate demographic and psychographic variables to achieve a higher explanatory power and most of these studies has undertaken in western countries only. In India there is no comprehensive study has been under taken so far. Further such kind of study at micro level is most useful for the policy makers and marketers and even more such study most appropriate if it is conducted in commercial cities and fast growing city like Coimbatore since in this city different social class people is living. Hence the present Study **"Consumers Perceptions, Attitude and Purchase Intention towards Private Label Brands (PLB): with special reference to Coimbatore"**.

Objective

- To determine the factors perceived to be important in the purchase of private label food and grocery products.
- To determine the factors those predict purchase intention of private label food and grocery items.

Methodology

The present study carried out by the researcher is an empirical in nature and the study is based on the survey method. The researcher collected the data required for carrying out the present study in two stages. During the first stage of data collection, the researcher collects the secondary data related to the study such as the concepts relating to consumers perception, and purchase intention etc., from various published and unpublished records, reports, books, magazines, etc. In the second stage, the personal and occupational data relating to sample respondents, their experience, perception, and purchase intention in purchasing process of Private Label Brands are collected among the selected sample respondents with the help of the questionnaire specially designed for this purpose. Collected data has been analyzed using descriptive statistics and correlation analysis using the statistical package called SPSS.

Sampling

Simple random sampling is employed to select 892 respondents, from Coimbatore city. Initially the researcher selects 1000 respondents in the study area and the questionnaire is personally administers the sample of 1000 respondents who have visited four famous stores in Coimbatore. After repeated follow ups only 927 questionnaires can be received, out of which some questionnaires are rejected on account of incompleteness. Finally 892 completed questionnaires are selected for the present study. Hence these 892 respondents are considered as sample for the study. The respondents are classified as; Students, Housewives, Professionals/Business man, employed.

Review of Literature

In a study Siohong Tih and Kean Heng Lee (2013)³ examined consumers' perceptions of retail store brands and identify the predictors of purchase intentions for the store brands. To examine the proposed research model, the researchers use two independent samples. The first sample consists of 120 responses collected via mall intercept at a famous hypermarket retail chain store, and the second sample consists of 120 responses also collected using the mall intercept method at a supermarket chain store in Klang Valley, Malaysia. Multiple regressions are used to test the hypotheses. They find there are mixed results in relation to the tested relationships. Perceived

value for the money, perceived quality variance, perceived price and perceived risk have a significant impact on consumer purchase intention for the store brand in the hypermarket sample. However, analysis using the supermarket sample indicated that only perceived quality variance has a significant impact on consumer purchase intention for the store brand.

In a theoretical, study Irfan Mumtaz (2014)⁴ stated that most of the buyers believe that the products provided by the retailers under the retailer's brand is fresh products, and they also believe that there is no old stock is available. This is the main reason to buy the retailer's brand. The buyers prefer the proximity/ close to premises (most near place) to buy the retailer's brand and retailer provide free home delivery of the products. Buyers also verify that if they want to purchase any sort of products that should be available under one roof, buyers reminiscent of one stop shopping. Buyers are keen interested in buying the good quality products are they believe that the retailer's brand provide the good quality products. They also confirmed that the buying retailers brand is pure and hygienic and they can check the products in their desired manner and attracted by the design of the products. Most of the buyers are fully satisfied with the retailer's brand so they attached to the brand and show the loyalty towards the retailer's brand.

In a study Ramakrishnan and Sudharani (2012)⁵ analyzed the Consumer Perception towards Private Label Brands on Big Bazaar, Coimbatore with the objective of to understand the possibility of success when retailers introduce private brands. The research is also aimed to explore if buying choices are made based on brand loyalty and to analyze whether customers actively seek for new brands or strict to the old brands. A detailed study is conducted from the views of customers required data was collected by conducting a survey with a sample size of 150 (75 Fashion bazaar and 75 Food bazaar) from Coimbatore region using a structured questionnaire. The collected data is analyzed using statistical tools and the study reveals that most of the youngsters have good perception towards the private brands in fashion wear & munchies. Study mentioned that in the study area consumer stated that for differentiate private label brand with other branded product quality, trustworthy and brand image are the leading features.

Sunita Kumar and Mohith Kothari (2015)⁶ studied about consumer perception regarding private label branding in India, this study found that majority of the consumers are considering brand as an important element in their choice of decision while purchasing, it is very important that sellers should capitalize on the type of brand that they are offering to the consumers. Both private labels and national brands have their own advantages and disadvantages over each other mainly in terms of pricing and quality factors. But the main motive the consumers are looking forward is to buy a product which would effectively satisfy their wants and needs. If they find a product which would satisfy their needs effectively, they would buy it irrespective of whether it is a private label or a national brand. Even the price of the product may not be a major factor in such a case. The study is mainly carried out to check the preference of the customers over the usage of private labels and national branded products to satisfy their needs and requirements. The study tries to differentiate between private labels and national brands. It checks the customer preference between private labels and national brands. There is preference towards PLB although strong preference cannot be derived. The one way ANOVA analysis of consumer preference on the income level of the consumer infers that consumer preference over PLB is not dependent on the income level of the consumer. The consumer is dependent on tools like word of mouth, advertisement, and promotions on the purchase of PLBs although strong preference cannot be derived.

In a study Udhaya Selvaraj (2015)⁷, mentioned that the retail is an ever growing and ever changing sector worldwide. The mounting competition among retailers to increase customer footfall empowers the buyers to have varied choices of prod-

ucts to pick. Since the retailers have realized this facts they creating a 'private label' as marketing strategy to stand by in the struggle for survival. Further this paper enumerate that a private label brand is a brand owned, merchandised and sold by retailers themselves that carries the retailer's name and is exclusive to a retailer, but is produced by another company. In this study the researcher examinee the factors influencing customers to purchase private labels and how they perceive those brands using data collected from various retail outlets in Coimbatore city. From this study found that, majority of the consumers are aware of the store brands through friends and relatives and they satisfied with private label products availability. Further study adding that the consumers perceptive store brands as low price substitute to national brands and majority of complained about the private label is complained about defective packaging and complained about expired goods.

Analysis and Interpretation

This part has attempted to study the perception about the PLB products. Consumers' perceptions are thoroughly influenced by their socio, economic and demographic factors which include Age, Gender, Income, Education and Occupation. Their perception and attitude towards PLB have been studied by assessment of relationship between the respondents' personal profile and their perception about the PLB products.

Table 1
Summary of Descriptive Analysis

Code	Measurement Items	Range	Mini	Maxi	Mean	Std. Devi
EPP1	I think price is important when I buy food products	4	1	5	4.14	.698
EPP2	I compare prices of other brands with private label because I choose one	4	1	5	4.00	.651
EPP3	I think the price of private label food products is reasonable for shoppers	3	2	5	4.00	.682
EPP4	The price of private label food products is lower than the average market price for similar products	4	1	5	3.93	.746
EPP5	I can save lots of money buying private label food products	4	1	5	3.97	.762
EPP6	I buy private label food products because they are cheaper options	4	1	5	3.56	.869
	Overall Perceived Price				3.93	0.73
EP1	It is important to visually display actual product contents (ingredients) on private label food products	4	1	5	3.74	.867
EP2	I like to buy the product that has attractive packaging	4	1	5	3.86	.745
EP3	I think the packaging of private label food products look similar to other products	4	1	5	3.93	.814
EP4	I think the private label products have equally good packaging	3	2	5	3.94	.701
	Overall package				3.87	0.78
EA1	I think advertisement is important when I buy food products	4	1	5	3.92	.771
EA2	My decision to purchase is influenced by advertisement	4	1	5	3.88	.776

EA3	The message on advertisement attempts to persuade me to buy private label food products	4	1	5	3.80	.955
EA4	I trust on the message given by the advertisement	4	1	5	3.97	.805
	Overall Advertisement				3.89	0.83
ESI1	I think store image is important when I buy food products	4	1	5	3.59	.848
ESI2	Positive characteristics of private label food product come up quicker	4	1	5	3.94	.759
ESI3	When I see the brand shown in the supermarket/ hypermarket	4	1	5	3.84	.768
	Overall Store Image				3.79	0.79
	Overall Extrinsic Factors				3.87	0.78
IPQ1	I think quality is an important criterion when I buy food products	4	1	5	3.83	.790
IPQ2	It is important for me to buy high-quality food products	4	1	5	3.71	.820
IPQ3	I think private label food products have clearly stated their ingredients such as how much the percentage of each ingredient contain in the food product	4	1	5	3.55	.857
IPQ4	I think private label food products seem to be good in quality	4	1	5	3.86	.760
IPQ5	I think private label food products are equally nutritious such as high in vitamin, and etc.	4	1	5	3.82	.743
IPQ6	I think private label food products taste goods	4	1	5	3.83	.761
IPQ7	I think private label food products are fresher than other brands	4	1	5	4.22	.617
	Overall Perceived Quality				3.83	0.76
IPR1	When I am considering a private label food product, I will choose very carefully	4	1	5	4.09	.681
IPR2	The cheapness of private label food products suggests to me that they may have some risks, such as being less good for health	4	1	5	4.06	.676
IPR3	I think distributing free food samples can decrease my uncertainty when choosing private brand products	4	1	5	3.94	.756
IPR4	I am uncertain which private label food products provide real value for money in terms of product quality	4	1	5	4.10	.697
	Overall Perceived Risk				4.05	0.70
IPV1	When I buy the private label food products, I would ensure that I am getting my money's worth	4	1	5	3.99	.728

IPV2	I always check prices at the supermarket among brands to ensure I acquire the best value for money product	4	1	5	4.04	.733
	Overall Perceived Value				4.01	0.73
	Overall Intrinsic Factors				3.96	0.73
AT1	I think private label food products are worth buying	4	1	5	3.90	.745
AT2	I trust private label food products	4	1	5	3.93	.739
	Over all Trust on the Product				3.92	0.74
AF1	I am not familiar with private label food products, so I prefer to buy other brands that I feel more familiar with	4	1	5	4.00	.760
AF2	I am familiar with private label food products	4	1	5	4.04	.731
AF3	Private label product as like the food I ate when I was a child	4	1	5	3.77	.849
AF4	Private label food product is what I usually eat	4	1	5	3.91	.742
	Overall Familiarity				3.93	0.77
APE1	I change food products in order to save money when the economic condition is serious	4	1	5	4.23	.639
APE2	I buy the well-known brand product only when the economic condition is good	4	1	5	3.96	.680
APE3	I buy private label food product when the economic condition is serious	4	1	5	4.05	.676
	Overall Perceived Economic Situation				4.08	0.67
	Overall Attitude				3.98	0.73
PI1	I would buy private label food products in order to save money	4	1	5	3.99	.683
PI2	I will consider to purchasing the private label food products	4	1	5	3.99	.725
PI3	I will definitely consider buying a 'private' label food product	4	1	5	3.96	.705
	Overall Purchase Intention				3.98	0.70

Source: Computed Data

Based on the descriptive data in Table 1, perceived risk (M=4.05, S.D.=0.70) becomes the most important criteria in consumers' purchasing of private label brand food product followed by perceived value (M=4.01, S.D.=0.73), perceived price (M=3.93, S.D.=0.73), advertisement (M=3.89, S.D.=0.83), packaging (M=3.87, S.D.=0.83), perceived quality (M=3.83, S.D.=0.76) and store image (M=3.79, S.D.=0.79). Meanwhile, consumer attitude (M=3.98, S.D.=0.73) and purchase intention (M=3.98, S.D.=0.70) towards private label brand food product is just average.

This finding indicates that most people are risk sensitive that they would ensure to getting best risk free products for money during the purchasing process. Therefore, they might check and compare the quality before purchase. In addition, consumers are willing to pay if they perceived worth value where the product has high quality, attractive attributes and low in price. Apart from that, consumers perceived store image is also important when buying private label food products because store image reflect the images of retailers where it might influence the perceived quality of products they carry and the decisions of consumers as to where to shop. Result

shows that respondents are less willing to take risk so they tend to think twice in selecting and purchasing private label brand food products. In addition, consumers acquire more information about the product especially when there are similar quality food goods in the market. Therefore, the more product information, the more likely consumers are willing to purchase because it could enhance purchase intention and reduces purchase risk. Quality also becomes integral in the mind of consumer in the purchasing decision because they believed that high quality product give reduces purchase mistake and assures them security of the food products consumed, thus built a trust relationship to the particular products. Respondents were also found to be price sensitive probably due to the increasing cost of living including fuel prices; toll and utility rates which have resulted in the reduction of consumers' disposable income and affected their purchasing power. A less important factor in influencing the purchasing of food products is store image of the food products retailers.

Table 1 also shows that among three factors representing consumer attitude, perceived economic situation is rated highest (M=4.08, S.D.=0.67) compared to other two factors i.e. trust on the product (M=3.92, S.D.=0.74) and familiarity (M=3.93, S.D.=0.77). 'Perceived economic situation' consists of three questions related to consumers' purchasing strategy in terms of monetary aspect when buying well-known brand and private label brand food products. In this study, consumers' attitude in purchasing food product tends to be influenced by the current economic condition. They will try to save their money during the economic downturn by choosing private label brand products over well-known brand products. However, they will repurchase their well-known brand product once economic condition turns better. Hence, this make private label product becomes an alternative choice in their purchase of food products. Respondents in this study are slightly neutral in trusting private label product. This is possibly because of the collectivist culture of Indian communities whom tend to focus more on brand name, maintaining face and group harmony by consuming more luxurious goods and prefer known and well-accepted brands. In terms of familiarity aspect, respondents rated their familiarity with the private label brand food products at average rating. This maybe because there are many types of product with various brands available in the market which involves promotions that change very quickly. Consumers therefore became unfamiliar with too many available choices and tend to try new products over other products including private label brand product. Rating for overall consumers' purchase intention towards private label food product is just above neutral (M=3.98, S.D. =0.70). It indicates that individual's purchasing intention is may be determined by other factors such as consumers' perception and their attitude. Besides, it can be interrupted by internal impulse and external environment during purchase. Another reason that justifies the average rating of purchase intention is that the growth of food and grocery store that produces products with their own label is still at the early stage in India. Consumers are still unfamiliar and in fact some may not realized the availability of these products on the shelves because of the preference they have towards well-known brands that they used to.

Factors Influencing Consumers' Purchase Intention towards Private Label Brand Food Products

Factors influencing consumers' purchase intention towards private label brand food products. In order to determine the most influencing factor predicting purchase intention towards private label brand food products, relationship between all variables was determined through correlation analysis before proceeding to regression analysis. Table2 depicts the r value for the relationship between independent variables [i.e. Intrinsic factor (overall, perceived quality, perceived value and perceived risk), extrinsic factor (overall, perceived price, advertisement, store image and packaging) and consumer attitude (overall, trust on the product, familiarity and perceived economic situation)] and dependent variable i.e. purchase intention towards private label brand food products.

Table XXX
Correlation between independent and dependent variables

Purchase Intention	Particulars	EPP	EP	EA	ES	IPQ	IPR	IPV	AT	AF	AE
	Correlation	.406**	.301**	.303**	.339**	.416**	.518**	.433**	.423**	.495**	.617**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000

Source: Computed Data

The correlation readings indicate a significant weak to moderate ($r=0.301$ to 0.624) correlation between almost all independent variables and purchase intention towards private label brand food products. Generally, it means if the consumers' perception towards all factors except 'packaging' is good then the more intention consumer has in purchasing private label brand food products. A further look into each factor indicates that factors influencing purchase intention of private label brand food products can be grouped into 'important determinant' and 'least important determinant'. The important determinants are 'consumers' overall attitude towards purchase intention of private label brand food products' ($r=0.624$) followed by 'perceived economic situation' ($r=0.617$), 'perceived risk' ($r=0.518$), 'familiarity' ($r=0.495$), 'perceived trust on products' ($r=0.423$), 'perceived price' ($r=0.406$), 'perceived quality' ($r=0.416$) and 'perceived value' ($r=0.433$). The least important factors are 'perceived packaging' ($r=0.301$), 'advertisement' ($r=0.303$), and 'store image' ($r=0.339$). The factors called perceived quality, perceived risk and perceived value are the most important factors influencing purchase intention. 'Perceived risk' is associated with 'perceived quality'. People who are lack of confidence toward the product will doubt on the quality of the product. While, perceived quality has a positive relationship with perceived value and perceived value has a relationship with willingness to pay. Value of money and quality of the product will drive consumers towards purchasing the product. High quality, low risk with greater value of the product can increase confidence of consumers in purchasing. The higher the perceived quality of the product, the more likely consumer has intention to purchase private label product. The higher the perceived risk of the product, the less likely consumers purchase intention towards private label product and the greater the perceived value on provide for private label product, the more likely the consumers purchase on private label product. Therefore, the result is matched with previous studied and hypothesis.

Conclusion

The present study carried out by the researcher has been a rewarding experience in the sense that it has assessed the perception of the consumers on the private branding impact on their purchase intention. The contribution of the retail industry is highly significant in the people living standards and development of the economy of any nation. In the case of developing countries and most populated countries like India, retailing forms an integral and dominant part of the marketing system. With the increasing pressure of foreign companies and big corporate companies' entries and trends towards retailing system, the retailing industry is facing many changes in its nature and the roles of various players in this industry. All these changes will definitely have their implications on the marketing strategies in this industry. Effective marketing strategies like private brand is considered a key to the sustainability of all business successes, and the private branding is key factor for effective and attractive marketing management and there by success, innovation, and profitability of the concern.

Basically retailers are last part of supply chain process of marketing process of any organizations. In order to ensure their survival in the highly competitive retailing environment, they have to ensure that they are providing a unique and superior quality of product to their customers. The rendering of quality product from national brand as like other competitors may bring question mark for retailer about their survival. In order to secure the positive situation, it becomes the ultimate task of the retailers to bring private brand which is differentiating form others. As the style of products, risk, value and price of products offered by the retailers differ from the remaining cat-

egories of retailers; there is a need to create a suitable private branding strategy for ensuring the attracting and retaining the consumers. It is hoped that researches of this type and the suggestions offered through them will be very much useful to the marketing managers of the retailing companies and it will pave the way for the management of the retailers to frame, establish and maintain a constructive private branding strategy. If the study proves be useful to the managements of the retailing companies, the researcher shall feel that his love's consumers have been amply rewarded.

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