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RESEARCH ARTICLE

Consumers' Perception of Private Label Brand

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ABSTRACT

The private Label Manufacturers Association (PLMA), founded in 1979 in US, states that Private label products comprise all goods sold under a retailer's brand. That product can be the retailer's own name or a name produced completely by the retailer. A private label brand is manufactured by a third-party producer or contract and sold under a retailer's product name. The study was undertaken in Coimbatore city. The main objective of this study was to analyze the consumers' perception of private label brands and constraints faced by the customer for grocery products. he sample respondents was selected purposively who were buying the groceries in the Big Bazar hypermarket in Coimbatore, the data were collected and analyzed using different statistical tools such as Percentage Analysis, Factor analysis and Rank Based Quotient. The study concluded that the grocery products are to be neatly packed, arranged and to be properly labeled for the products with the brand. Price should be stable and convenient for the consumers and can fix the price, right product for the right quantity

Keywords: *Private Label Brand, Consumer Perception & Constraints.*

INTRODUCTION

The private-label brands, which are managed solely by a retailer, are called as store brands. Those retailers will enterprise the packaging, manufacturing, and marketing of the goods. These goods are cheap compared to national brand goods since the retailer can improve the goods. Goods sold under a store brand are subject to the same regulatory oversight as goods sold under a national brand. Consumer demand for store brands might be related to individual characteristics such as demographics and socioeconomic variables. Many retailers are increasing their profit through their products as their store brands for their store image. (Hemanth, 2017)Private labels make up more than 25-30 per cent of the merchandise mix of most worldwide fashion retail businesses. The contemporary retailers in India are also starting to take the private label path.

The profitability and market cap of contemporary retail businesses has risen, the spread of e-commerce is no longer really influencing them, and for this to occur the contemporary retail, businesses have altered their policies in order to attract more customers. One such approach is to offer excellent products under their own private sphere. (*www.businesstoday.in*). Private label brand is accepted more by western culture than eastern collectivist cultures(Shannon,2005). Manufacturer brands or grocery brand, on the other hand, are controlled and produced by the manufacturer itself and sold through retailers. Based on the above facts private label brand are prominent and are widely used by the consumers rather than the grocery brands (Beneke,2010)

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. India's retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US$ 1.6 trillion by 2026 from US$ 641 billion in 2016. While the overall retail market is expected to grow at 12 % per annum, modern trade would expand twice as fast at 20 per % annum and traditional trade at 10 per cent. India has replaced China as the most promising markets for retail expansion, supported by expanding the economy, coupled with booming consumption rates, urbanizing population and growing middle class. Indian exports of locally made retail and lifestyle products grew at a CAGR of 10 per cent from 2013 to 2016. The size of modern retail in India is expected to double to Rs 171,800 crore (US$ 25.7 billion) from Rs 87,100 crore (US$ 13 billion) in three years driven by Omni-channel retail.

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Growth of private label brand

Private labels can achieve fifty percent of complete structured retail in the next century assuming structured retail can reach fifty percent of total retail by that time, private labels could account for as much as 15 percent of complete retail in India by 2025. (*Economic times, 2017*) India continues to migrate from unorganized to structured retail in the form of a fresh structural structure by producing consumer products in the name of private-label branding. Nearly 13 billion rupees were sponsored in Indian retail by the present private label industry, contributing over 10 percent of structured retail. (www.researchgate.net).Private labels are accepted globally by many people widely in central and Eastern Europe, where modernization are taken root retailer are making their most significant market shares to increases. Private labels or store brands are generally brands created for, controlled by, and/or sold to retailers (Sethuraman and Cole, 1999)

Prices for private brands tend to be less than those of nationally recognized name brand goods. Private branded goods are usually made by third-party or contract manufacturer, often on the same production lines as other brands. Private branding is a cost-effective way to produce a product without investment into large manufacturing facilities.

The growth in private labels has traditionally been attributed to two major causes. First, retailers use private labels to compete profitably in the price-sensitive segment. Second, these products enable retailers to get better deals from manufacturers in the form of lower prices on national brands. It is commonly believed that when the economy picks up, consumers go back to buying national brands. However, most recent trends show that private label sales are growing faster than national brands and have achieved much higher levels of penetration (Hoch, Montgomery and Park, 1996). Penetration of private label varies across countries and product categories. For instance Nielsen (2003) reports indicate that in developing markets, although the overall private label share is relatively low compared to the mature European and U.S. markets, there is a significant growth rate.

The specific objectives are

i. To study the general characteristics of the consumers.

ii. To analyze the consumer perception with regards to private label brands

iii. To study the constraints faced by the consumers and strategies for promoting private label brands.

MATERIAL AND METHODS

The present study was aimed to know consumer behavior towards private label groceries. The present study is mainly based on primary data and the data were collected using a suitable questionnaire. The sample is purposively selected those buy the groceries in private label. The study was mainly based to analyze consumer perception with regards to private labels. The data were collected from 120 sample respondents and analyzed using different statistical techniques viz., Factor analysis, Rank Based Quotient (RBQ) and percentage analysis. Factor analysis is one of the statistical approaches that was imposed to analyze the interdependence among a large number of variables and to elucidate the variables in terms of their common principle dimensions (factors).The RBQ techniques were used to analyze the constraints faced by the consumer in buying private label brands.

RESULTS AND DISCUSSION

General characteristics of the sample respondents

The general particulars of the sample respondents were analyzed and discussed in the Graphs 1-4. It could be inferred from the graphs. that, a majority (53 per cent) of the sample respondents age group were 31 – 40 followed by the 41 – 50 (25 %). More than half of the sample respondents were female(52 per cent). Educational qualification of the respondents was postgraduate (32.50 %) followed by undergraduate (27.50 %), and the average monthly income are majorly under Rs. 30,001 – 40,001.(38.33 %).

Consumer perception towards private label

Factor analysis would help in data reduction of large datasets. It was used to analyze the interrelationship among the various variables and resolve them into a few categories with the common underlying construct. Here, factor analysis was used to categorize the consumer perception on the private label brand. The aim of analysis was to find the perception of private label brand towards groceries. Principal Component Analysis was used to extract and varimax with kaizer normalization for rotation was implemented.

Reliability statistics was used to analyze the reliability of the data. The Cronbach's Alpha was 0.933.Kaiser-Meyer –Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity were used to test the adequacy of the data and KMO measure of sampling adequacy was 0.610. The data reduction was effective as values over 0.6 indicated the suitability of the data. Varimax rotation was applied for the 20 variables and grouped into five factors. The 20 variables were reduced to 5 different factors with Eigenvalues greater than 1. The total variance explained was presented in Table 1.

Table 1. Total variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Variance (%)	Cumulative (%)	Total	Variance (%)	Cumulative (%)
1	8.999	44.995	44.995	8.999	44.995	44.995
2	1.735	8.674	53.670	1.735	8.674	53.670
3	1.411	7.053	60.722	1.411	7.053	60.722
4	1.246	6.231	66.953	1.246	6.231	66.953
5	1.096	5.482	72.435	1.096	5.482	72.435
6	.970	4.852	77.288			
7	.713	3.567	80.855			
8	.630	3.148	84.003			
9	.567	2.833	86.836			
10	.524	2.619	89.455			
11	.418	2.091	91.546			
12	.341	1.706	93.252			
13	.326	1.631	94.882			
14	.275	1.376	96.258			
15	.207	1.037	97.295			
16	.156	.780	98.074			
17	.146	.732	98.806			
18	.121	.604	99.411			
19	.082	.412	99.823			
20	.035	.177	100.000			

It was found from table 1. that the factors explained the total variance of 72.43 per cent a total of five factors with Eigenvalue more than one were extracted in the first iteration. The rotated component matrix with Varimax Rotation and Kaiser Normalization, five factors have emerged. Each factor was constituted of all those variables that have factor loadings greater than or equal to 0.6. The identified variables with each factor were shown in Table 2

Table 4.Rotated component matrix

Factors	Product concern	Product accessibility	Brand preference	Pricing	Social factor
Availability	0.776	–	–	–	–
Work scenario	0.781	–	–	–	–
Labeling	0.755	–	–	–	–
Producer Brand	–	0.721	–	–	–
Varieties	–	0.792	–	–	–
Manufacturing name	–	–	0.661	–	–
Packaging	–	–	0.791	–	–
Price	–	–	0.772	–	–
Ingredients	–	–		0.870	–
Eco friendly	–	–		0.770	–
Affordable	–	–		–	0.793
Discounts	–	–		–	0.864

From the table 2 that, the rotated components matrix of Availability (0.776), work scenario(0.781), labeling (0.755) comes under the product concern and the product brand(0.721) , varieties (0.792) are placed under the product accessibility, taste, smell, colour , texture are based on the product effectiveness and also the manufacturing name, packaging and price are under the brand preference, the ingredients, eco-friendly are mostly under the pricing, the affordable, discounts are mostly coming under social factor. Quality (0.692) and the choice of the brand(0.651) are mostly product desirability.

Table 3. Importance of private label brand perception factor

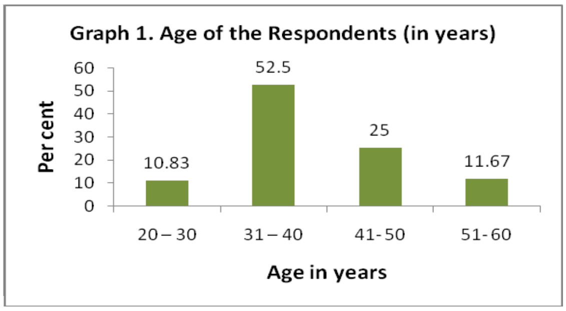
Particulars	No . of. Attributes	Eigen Value	%of Variance	Cumulative % of variance
Product concern	3	8.999	44.995	44.995
Product accessibility	2	1.735	8.674	53.670
Brand preference	3	1.411	7.053	60.722
Pricing	2	1.246	6.231	66.953
Social factor	2	1.096	5.482	72.435

It could be inferred from the table 3 that, 5 perceptual factors, eigenvalue and the % of the variance, cumulative % variance explained in this table, in that social factor are majorly high 72.435%. followed by pricing, brand preference, product concern and accessibility.

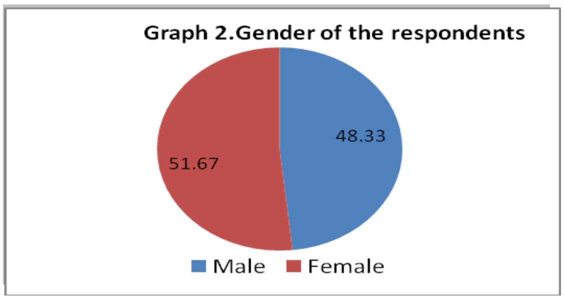
Table 6. Perceptual variables of store brands

Factors	perceptual variables of store brands	Components
Product concern	Availability	0.776
	Work scenario	0.781
	Labeling	0.755
Product accessibility	Producer Brand	0.721
	Varieties	0.792
Brand preference	Manufacturing name	0.661
	Packaging	0.791
	Price	0.772
Pricing	Ingredients	0.870
	Eco friendly	0.770
Social factor	Affordable	0.793
	Discounts	0.692

Consumers' perceptions towards private label brands in the city revealed 22 significant attributes and were ranked according the extent of perception possessed by the respondents. The ranked attributes are presented in the Table 4. The factors perceived by the consumers were "product concern", "product accessibility" "brand preference" "pricing" and "social factor".

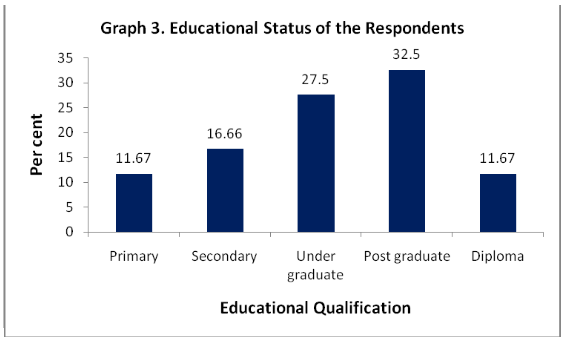


Factors were extracted using principal component analyses. Factor I has four variables with maximum factor loading namely 'availability' (0.776), 'work scenario' (0.982), 'labeling' (0.982), 'producer brand' (0.981) and 'product upgrading' (0.977). The Factor I was named as "product concern". Factor II showed high loading on one variable 'varieties' (0.792), and Factor II is named as "product accessibility". Factor III has four variables with maximum factor loading namely 'manufacturing name'(0.661), packaging(0.791), pricing(0.772) and ingredients (0.870), so factor III was named as "Brand Preferences".

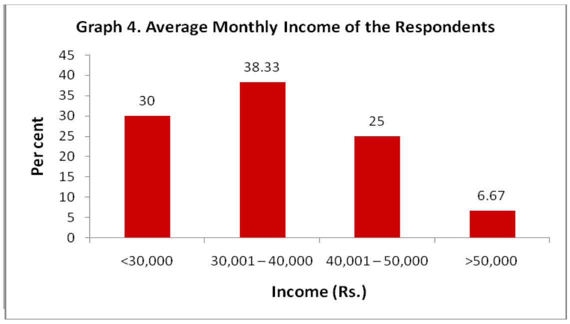


Constraints Faced

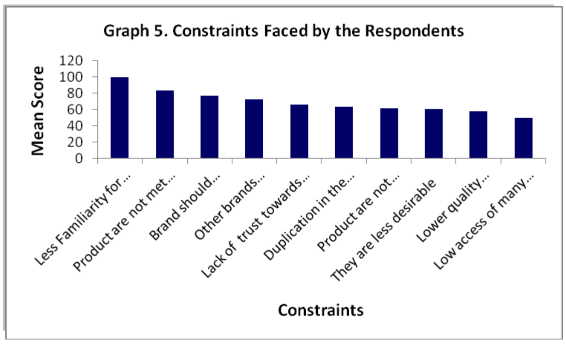
The constraints faced by the consumer to buy the private label products were studied and analyzed using Rank Based Quotient techniques was used to rank the constraints and the results were given in the table.



It could be inferred from the graph 5 that, the majority of the sample respondents were less familiar with all products ranked first with a mean score of 98.70, followed by the product are not met the value perceived range will be ranked second



with a mean score of 83.12, and next to that with the rank third is there should not be higher margin for their products with mean score of 76.77, and other brands dominate the private label brand with mean score of 71.98 and ranked fourth, lack of trust towards the brand ranked fifth with score of 65.15, duplication in the products will be ranked sixth and



mean score of 62.63, respectively. The least constraints are products available at all times, less desirable products, lower quality standards in the products, and purchase of brand with a mean score of 60.54, 59.79, 57.29 and 48.81 respectively. It could be inferred from that the consumer buying behavior of big bazar of grocery products constraints are, mainly with the familiarity of the products and the brand product should met the value perceived, the firm should be maintain a wide product range of the brand

CONCLUSION

The study concludes that consumer purchase behavior on any private label brand was determined by the consumer purchasing experience. This is based on the fact that consumer attitude is formed with purchasing previous experience. Therefore each of this variables of consumer attitude (trust, familiarity and perceived economic situation) is capable of influencing consumer to prefer private label brands, purchase be loyal and protect private brand names or not. Therefore the study also concludes that consumers attitude to private purchase behavior is formed from the previous purchasing experience to the store. private labels are able to position themselves by good quality, price, trustworthy, large variety are the most influencing factor which drives the customer to buy the private label brand in the mind of customers and are gaining acceptance.(Chauhan,2013). The marketing strategies achieve favorable consumer attitude to their store for the successes of any of their private label brand or to develop and implement consumer attitude modification strategy if they are faced with unfavorable consumer attitude.

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