

# Customer Perception about Private Label Brands in Salem

K. Vidhya, Ganesan D.

**Abstract:** The up scaling growth of economy not only bring changes to our environment but also have an impact on cost of living. So people become conscious about the price and quality of the product before they buy and many go for the offers and promotions made by E-Commerce sites which gives a tough competition to local retail stores also. Here the private label brands also start to capture the market share in each segment such that they are cost efficient and acts as alternative to national brands. This paper will explore the customer perception of PLB in Salem and focuses on factors such as price, quality, value, packing, store loyalty and identifies the benefits and difference between the PLB and national brands. The study was made in and around Salem (from April –May 2018), Tamilnadu with the sample size of 100 with a well-structured questionnaire. Data were collected and statistical tools like percentage analysis, weighted average analysed were used

**Key words:** Consumer Perception, brand choices, Value for money, Point of purchase

## I. INTRODUCTION

India's GDP have growth rate of 7.2 per cent where the Indian retail industry contributes almost 10% of the country's GDP and the market is about to increase by 60% by 2020. The retail market holds grocery, departmental stores, pharmacy, food and beverage and books, music and gifts, in each sector we have key players as a market leader. In this the food and grocery is expected to grow at a rate of 66 per cent and the apparel holds 40-45 per cent growth in India.

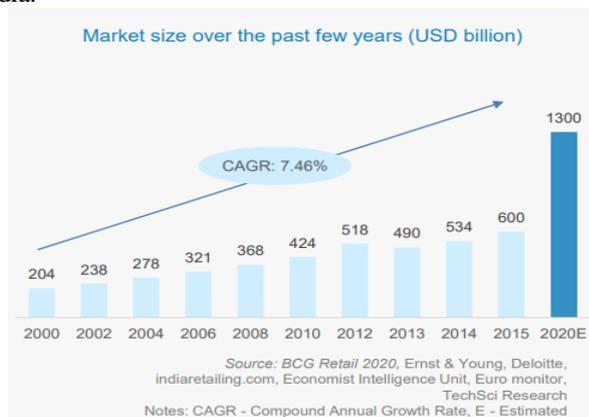


Figure:1 Market size in USD by year and CAGR rate.

In general brand is used to identify the product in terms of name, logo, sounds, tagline, colour and symbols, this act as a communication between the product and consumer.

**Revised Manuscript Received on December 16, 2019.**

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Now the trend of Private label brands serves as alternate for people to switch from their loyal national brands. Currently in India the private label brands holds 7% of retail business and is expected to grow by 4 times in future. Thus the private label brands are products that are marketed & sold only in their retail store, so called In-Store brands or Phantom brand. By this the private label brands gives the consumer an option with better price and quality.

## II. REVIEW OF LITERATURE:

*Scot Burton et.al.*, measures the attitude of people towards the private label brands with respect to price, quality, value and the brand loyalty the people hold and found some positive result that people feel private label brands as cost effective when compared to the branded ones. *Sudhanshu Sekhar Kar et.al.*, brings out the insight of the private label product in the market and how the switching occurs from the branded and private label brand. The research concludes people are having an option for the branded at a cheaper price and the percentage of people moving to private label product starts increasing. *Justin Beneke* describes the consumer perception on the private label brands in south Africa with the factor like trust, packing, price and quality and finds that the people show a positive response towards the quality and show a poor response over the packing of the private label brands and considers the income as a major variable. *Rajeev batra et.al.*, describes the success of the private label brands as how people consider the private label brands in comparative with the national brand such that how people differentiate and the factors that make the store brand more worth than the national brand. *Zuraidah mohamed isa st.al.*, studied the decision making of the consumer, the private label and manufacturing brands and found price, quality and the space it is displayed make the consumer decision making process and is tilting towards the private brands in the market. *Gianfranco Walsh et.al.*, describes perceived value of the private label brands by customers as high quality under low cost, this acts as a key by which customer are attracted by the private label brands. *Siti Nurafifah Jaafar et.al.*, measures the consumer perception of over the store brands in Malaysia that people see the store image, price, quality and the research focuses on food products. Here the price is the main objective of people who perceive the private label brands, the sales goes up by past experience and referral marketing by people. *Jane Boyd Thomas et.al.*, explores the factors that influence the purchase of private label brand and national brand in apparel. Though the national brands are costly and fashion rich the private label brands offers the same trend of fashion wears at low cost and is made attractive.

*N. Kakkos et.al.*, identifies the purchase intention of customer and brings out the facts as the people who are brand conscious and who seek social status move with national brands and the people

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familiar with store brands and price conscious move towards the private label brands. *Carmen Abril et.al.*, describes the marketing mix of the private label brands and national brands in terms of the advertisements, price, distribution, display positions. The study shows that the in-store communication and price effectiveness determines the sales of the private label brands. *Lakshmi Nair* describes how the private label brands change the consumer's perception mainly in the category of food and grocery even there are many loyal customers for the national brands and its quality. *Chirag B. Rathod et.al.*, studies the psychological factors that influence the customer to buy private label apparels, among which the quality, value, price and the loyalty over the store acts positively that makes the customer to switch to the private label brands. *Rajiv Vaidyanathan* explores that how the retailers sell private label brands using the national brands as an ingredient by which the national brands are used to attract the customer and are tempted by the store brands price and quality. *Paul C.S. Wu* measure the effect of private label brands in drug store that how the store image, brand image and service quality relatively increase the sale of private label brands and bought the fact that store value, service quality have a direct relation in decision making of consumer.

### III. OBJECTIVES OF THE STUDY

- To find out the customer preference & perception about private brand labels.
- To identify the level of preference towards private label products.
- To examine various factors which influenced the buying behavior of the private label
- To analyze the private label product benefits as well as the difference between private brand and manufacture brand.
- To study the impact of price of product on buying behavior of the customers.
- To analyze the performance of private label brands with manufacturers brand.

### IV. RATIONALE OF THE STUDY

The present study related to the customer preference towards the private brands than manufacture brands and to identify the customer perception about the private brands at the retail store. The research mainly conducted to identify various factors influenced the buying behavior of the private label. This study mainly focusing on customer motivated factors to select the private brands and enables the researcher to find out the satisfaction level of the customer about private brands and also their expectation about private brands and intended to identify the pricing difference between private brands and manufacture brands.

The design of this research is descriptive and hypothetical in nature under which the researcher used questionnaire as an instrument to collect the primary data through the personal interview of survey method and secondary data for the literature review. Convenience sampling technique has been adopted by researcher for this study which is a non-probability sampling method. The statements consist in the questionnaire prepared by the researcher. In order to collect the primary data, the researcher used convenience sampling method due to unknown population of this study. The study

was conducted during the period of January 2018 to March 2018. The research holds a sample size of 100 from the various parts of Salem district. The collected data is processed by the way of coding, editing and tabulation and analyzed with the help of statistical tools such as percentage method, weighted average score analysis and correlation analysis.

## V. RESULTS AND DISCUSSION

**Table: 1 Demographic Factors.**

Factors	Category	Frequency	Percentage (%)
Age	Below 25	32	32
	26 – 35	19	19
	36 – 45	43	43
	Above 45	6	6
Gender	Male	58	58
	Female	42	42
Occupation	Business	10	10
	Govt. Employee	28	28
	Private Employee	33	33
	Student	22	22
	Others	7	7
	Family Income	Below 20000	15
	20000 – 30000	33	33
	30001 – 40000	14	14
	Above 40000	38	38
	Total	100	100

Table No.1 exhibits that the majority of people lie under the age of 36 – 45 (43%) and followed by the age group of below 25 (32%). Under the age group of 26 – 35 (19%) and in the age group of above 40 (6%). Among the 100 respondents there are about 58% male respondents and 42% female respondents.

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Regarding the occupation 10% respondents are business people, 28% people are Govt. employees and majority of people are private employees 33%. Remaining 22% are students and 7% belong to other occupation category. Under income range 38% of respondents fall have an income of above 40000, 33% respondents have income of 20000-30000. 15% of respondents hold an income of below 20000 and 14% have 30001-40000.

**Table: 2 Purchase frequency**

Purchase frequency	Category	Frequency	Percentage
	Always	6	6
	Frequently	36	36
	At times	38	38
	Rarely	20	20
	Never	0	0
	Total	100	100

Table No.2 demonstrates the purchase frequency of respondents as 38% of people have a neutral response, 36% of people frequently go for purchases, 20% of the people shop rarely and only 6% of respondents always go for shopping.

**Table 3 : Purpose of purchase**

Purpose of purchase	Category	Frequency	Percentage
	Personal use	74	74
	Business use	18	18
	Others	8	8
	Total	100	100

From table : 3, it is clear that 74% of respondents are purchasing pvt.label brands for their personal use , 18% of them are using for business use and 8% of respondents are purchasing for other purposes

**Table 4: Place of purchase (Pos)**

Place of purchase	Place (Pos)	Frequency	Percentage
	Shopping mall	14	14
	Super markets	45	45

E-Commerce portals	2	2
Company owned retail outlets	39	39
Others	0	0
Total	100	100

The table No.4 brings the detail of places people opt for purchase, among 100 respondents 45% of people go for super markets, 39% move to company owned retail shops, 14% go for shopping malls and the rest purchase are from E-Commerce portals.

**Table: 5 Frequency of purchase**

Frequency of purchase	Place	Frequency	Percentage
	Weekly	13	13
	Monthly	16	16
	Whenever needed	68	68
	In Offer period	2	2
	Not purchased yet	1	1
	Total	100	100

Table No.5 exhibits the time horizon of purchase by which 68% people go for purchase whenever needed, 16% of people purchase on monthly basis where only 2% of people shop on offer and the remaining 1% neglects shopping.

**Table:6 Weighted average score analysis**

Category of Private label goods	Total score	Mean Score	Rank
Consumer durables	203	13.54	V
Food & beverages	452	30.14	I
Grocery	331	22.07	II
Footwear	210	14.00	IV
Apparels	272	18.14	III

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From above table it can be interpreted that based on their mean scores “Food & beverages” are bought by the respondents most frequently, “Grocery” items are frequently bought, “Apparels” are moderately purchased, “Foot wares” are less frequently bought and “consumer durables” are never purchased by the respondents.

**Table 7: Sources of information about private label brands**

	Category	Frequency	Percentage
Sources of information about private label brands	Relatives/friends	6	6
	Newspaper/magazines	36	36
	TV commercials	38	38
	Sales persons	20	20
	Walk in to the store	0	0
	Total	100	100

From table No.7 it is clear that studied as 38% of people come to know from TV Commercials, 36% of people are aware from newspaper and magazines, 20% of people know Private label brands by sales person and remaining from relatives and friends.

**Table 8: Opinion about Packaging of private label brands**

Opinion about packaging	Opinion	Frequency	Percentage
Opinion about packaging	Attractive	13	13
	Somewhat attractive	73	73
	Unattractive	14	14
	Total	100	100

From Table : 8, in terms of opinion about packaging of Private label brands, only 13% of respondents feel that the packing is attractive and 73% feel the packing as somewhat attractive and 14% feel that the packing is unattractive.

**Table 9: Respondents Opinion about value of money of Private label brands**

Opinion about value for money	Frequency	Percentage
Excellent	2	2
Good	48	48
Mediocre	45	45
Poor	5	5
Very poor	0	0
Total	100	100

From Table : 9, It is revealed that in term of value for money 2% of respondents opined that Excellent where as 48% of respondents felt good, 45% of the respondents are

opined as mediocre and rest of them are given opinion as poor label brands are value for money.

**Table 10: Respondents Opinion about performance of Private label brands**

Opinion about performance of private label brands	Frequency	Percentage
Excellent	12	12
Good	47	47
Mediocre	37	37
Poor	4	4
Very poor	0	0
Total	100	100

From Table : 10, It is revealed that in terms of performance of private label brands 12% of respondents opined that Excellent where as 47% of respondents felt good, 37% of the respondents are opined as mediocre and rest of them are given opinion as poor label brands are value for money.

**Table 11: Coefficient of correlation analysis**

X	Y	XY	X <sup>2</sup>	Y <sup>2</sup>
32	6	192	1024	36
19	36	684	361	1296
43	38	1634	1849	1444
6	20	120	36	400
		2630	3270	3176

Co-efficient of correlation is used to find out the relationship between Ages and place of purchase (Pos) of private label brands

$$r = \frac{\sum xy}{N \sigma_x * \sigma_y} = \frac{\sum x}{\sqrt{\sum x^2} * \sqrt{\sum y^2}}$$

$$= + 0.816$$

There is an association between two variables existing relationship between age group & place of purchase (Pos). Hence it is positively correlated.

### APPRAISING OUTCOMES

- As more number of people are frequently purchasing private label branded goods, it is apparent that private label brands are achieving better patronage from consumers
- The private label goods are mostly purchased in Super markets and Company owned retail outlets because of convenience and more brand choices
- By using weighted average score analysis, it can be interpreted that “Food & beverages” are bought by the respondents most frequently. Hence the food and beverages products manufactured by private label brands are giving fierce competition to national and international brands.
- Television commercials are the major Sources of providing information about private label brands. In particular, e-commerce private level brands are creating more awareness and providing information about their brands.
- Respondents are felt that, private label brands are



providing better value for money

- Respondents are opined that the private label brands are as good as manufacturer brands in terms of their level of satisfaction
- There is a positive correlation found between age group of the respondents & place
- of purchase (PoS)

### VI. CONCLUSION AND MANAGERIAL IMPLICATIONS

- In category of goods Apparels, Foot wares and consumer durables are not achieving better level; of purchase among respondents. Hence private label companies can provide better sales promotion to enhance the purchase of these products.
- In terms of (PoS), Shopping malls and e-commerce portals are not achieving better sales in private label goods. They can come with creative ways to lure consumers to enhance their point of purchase
- The packaging of private labelled goods can be improved to stand out in the competition with international and national brands
- More quantity offers and discounts can be leveraged to attract more people towards private label brands
- Even though, Private label brands are providing value for money and achieving satisfaction among the respondents, they should focus on to analyze the changing tastes and preferences of consumers. They should keep on putting efforts to predict and provide products which can live up to the expectations of the consumers in the VUCA world.

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