CONSUMER BEHAVIOUR TOWARDS PRIVATE LABEL BRAND WITH RESPECT TO APPERALS

Shweta Mehta
Research Scholar, S.K.Patel Institute of Management & Computer Studies
Krupa Mehta
Research Scholar, S.K.Patel Institute of Management & Computer Studies

Abstract

The idea of private labelling is not novel idea in India. The origin of private label can be found from the ancient days, where goods of private labels are sold along with the national brands. To augment earning and improve customer loyalty, a lot of retailers have bowed to private label products. Private label products are extremely eye-catching to retailers because these products can enhance gross margins. Retailers have identified that profit margins on products planned and sourced by their own teams are considerably higher than on branded products. In the present study the authors have attempted to get wider knowledge and more understanding of customers' behaviour towards private label brands with special reference to management students in the Gandhinagar city in the state of Gujarat. A quantitative method will be used in the study. Primary data of management students' towards private label brands will be collected through questionnaire. The results of the questionnaire will be analyzed and interpreted.

Keywords: Private label, Consumer behaviour, Brands

Private label product is defined as the only trademark, which can only been found on the packaging and sold in a specific chain of store in low price (Hoch, 1996). Retailers control private label product where they can decide the marketing activities such as advertising, packaging and wholesale price and investments of inventory. Private label brand is a product which is created or produced by one organization for trading under other companies brand.

The organizations that sell and organize this merchandise are retailers. Private label brands are also recognized as label brands, house brands, store brands or retailer's brand. Private label brands happen to be popular because the price of private label brands is lesser than the price of nationwide (manufacturer) brands. Owing to the price of the private label brands, the attractiveness of private label brands has augmented in many countries since nineteenth century. Adding to this, there was an economic downturn in many countries during the middle of nineteenth century. Consequently, customers became more price cognisant and gave more thought on private label brand products. Currently, private label brands are highly admired especially in the developed countries. A study by AC Nielson (2003) revealed that, private label brands right through 36 countries, including both developed and developing countries have a total worldwide market share of 15 percent compared with national (manufacturer) brands. Even though private label brands are fast moving and gradually increasing their market share throughout the world, they have not been doing well in Asian countries especially in India.

Problem statement: Retails grocery in Asian countries has been steadily altering from domestic owned supermarkets and family owned stores to a global supermarket configure. Developed countries owned supermarket chains have directed a huge part of produce in Asia such as Malaysia, China, Taiwan and India. There are many retailers and supermarkets in India. These retailers propose their own brands which is called private label brands. However, these private label brands are not getting much interest among Indian consumers.

According to AC Nielson (2014), private label brand share in India is accounted for only 5 percent of the total retail sales. However the report showed very low growth of private label brands in India but India is considered to be one of the fastest developing countries thus private label brands have great future in India. No. of studies have been done in the area of private label brands but the context was mostly focused in European countries and the United States. No such study has been conducted in India. The outcomes of studies conducted in other European

countries may not be applicable to Asian countries in general and particularly in India as each country has its own taste and preferences and their customers have their own likes and dislikes. Besides, consumer behaviour's information in the direction of private label brands in India is yet inadequate. There are only researches from retailers perspective and customers' perspective is still not studied in detail therefore thorough this research paper an attempt has been made to get wider knowledge and more understanding of customers' behaviour towards private label brands with special reference to management students in the city of Gandhinagar in the state of Gujarat.

Review of literature

Buying Behaviour: Consumers' purchasing intention is very intricate. Usually buying decision is connected with consumers' behaviour, how they perceive the products or services and their outlook. Purchase behaviour is a significant indicates for customers in making an allowance for and assessing of certain product. Buying intention is a useful device used in forecasting buying procedure. If the customers make a decision to buy the product from one assured store, they will be motivated by their intention. Though, buying intention might be distorted by the pressure of price and quality perception. In adding to that consumers will be intervallic by inner urge and outer situation during buying process. Their behaviour will be determined by the physiological inspiration that stimulates their reply which fetches them to the retail store to complete their want.

Factors Affecting Buying Intent in the Direction of Private Label Product

Price and quality elasticity: These days, retailers frequently try to bring in private label products with a lesser price and the quality is almost the same as national brands (Evans & Berman, 2001). Customers who think in price and quality relationship most likely focus on brand names and connect in price seeking behaviour. (Tellis & Gaeth, 1990). According to Hoch and Banerji (1993), the economic recession has an impact on private label brand share and price elastic consumers. It is since their disposable income decreases and they most likely become more price elastic and rotate to buy private label brands as most of private label brands propose a lower price. Consequently, the economic situation may have an impact on price conscious consumers. Apart from this, the private label producer union realizes that, the disparity of price between private label brands and national (manufacturer) brands is normally 20 percent. This disparity is also important especially for consumers who are price sensitive. Price cognisant consumers would be likely to possess optimistic attitudes and have soaring buying intent toward private label brands (Burton et al, 1998). though, the study from AC Nielsen (2003) revealed that, price of private label brands in India is averagely 30 percent lower than the price of national (manufacturer) brands. This variation of 30 percent is very significant and may have an effect on decreasing the quality of product because Indian consumers identify that price refers to quality when they make any purchase. Quality is significant to the receipt of private label brand habit. It means that, if all brands in the same group offer alike qualities, the private label brands habit will augment. People have lesser concern in buying private label brands if they evaluate the products by brand and price though; quality is more significant than price in requisites of private label brands. According to Hoch and Banerji (1993) and Ailawadi et al. (2001) the risk of buying becomes a subject when evaluation price in terms of quality. Consumers will less interest to buy private label brands if they perceived that the risk is high.

If the risk of purchasing private label brands is high, then the interest in private label brands would reduce. However, if retailers can converse products qualities with a lower price picture to customers, it will be advantageous for them and they can get a superior level of private label brand market share. At the same time, Aker and Keller (1990) focused that the quality insight is one imperative facet of private label brand usage. It means that, consumers will be probably be incline to use private label brands if they examine no variation in quality compared with national (manufacturer) brands in the same group. From these opinions, we can sum up that the price of private label brands is usually lesser than the price of national (manufacturer) brands and it is renowned amid price cognisant consumers. Though, some consumers believe that there is a relationship between price and quality. They think that the lesser price is a characteristic of the lower quality. Thus, people do not typically buy private label brands because it offers a lower price.

Loyalty: According to McGoldrick (2002), private label brand producer have faced a long time problem to create a picture of brand loyalty in the direction of private label brands. This is because many retailers in the market are rising immensely. So, it becomes more challenging for them to retain their present customers and then convert those customers to be store loyalists. McGoldrick (2002) also argued that one of the most imperative objectives for presenting private label brands is to generate competitive gain over opponent chains. So, it can direct to store loyalty. Private label brands can generate loyalty and the making of private label products can reinforce consumer loyalty. The loyalty can add to recurring purchase.In addition, retailers plan to make consumers loyal to the store and take reward from consumers loyalty which can direct to recurrent repurchases. This loyalty can aid retailers in gaining a competitive advantage and making long term prosperity.More frequent the repurchase is, the more existing customers advocate the store to others. Consumers typically build positive attitude toward a store and its brands through their loyal behavior. Ailawadi et al. (2001) create that store loyalty is completely correlated with the consumption of private label brands. It can be summed up that loyalty can generate gain to the store. Store loyalty can generate a positive attitude and force people trust the store. As a result, store loyalty can enlarge the practice of private label brands since people favour to shop at the store so they have a possibility to see and buy private label brand products.

Research Approach

Objectives of the Study: To identify the association between Gender and buying behaviour of customer towards private label brands; To identify the association between Age and buying behaviour of customer towards private label brands; To study the management students' behaviour towards private label brands; To study the factors affecting the consumer behaviour of management students towards private label brands.

Many different methods for collecting data can be used in business research. All the methods fall into two part: qualitative method and quantitative method. Quantitative studies are based on numerical and quantified data, while qualitative studies mainly deal with non-numerical data of literal statements and descriptions. Researchers can compare different methods, and attempt to locate the most appropriate method for their specific research.Quantitative methods can statically compute and evaluate data. The idea of this research is to study customers' behaviour towards private label brands with respect to apparels. Therefore, a quantitative method is more suitable than a qualitative method in this study.

Research Design

A research design provides the basic direction for carrying out the research. Basically, in social research, there are three categories of research design: exploration, description, and explanation. In business research, the explanatory category is also known as causal research.

These categories differ in several aspects including research purpose, the way research questions or hypotheses are formulated, and the way data are collected. The following describe more details of each category.

Data Collection: As to data, both primary data and secondary data can be used in a research. Data can be categorized into primary data and secondary data based on the source of getting it. Primary data are data collected by researchers themselves for a specific research, and secondary data are data that has already been collected for some other purpose In this study, primary data is collected. A questionnaire is prepared and proceeded to collect data on management students' behaviour towards the Private label brands with respect to apparel.

Research Tool: A questionnaire can be processed through personal administered survey, regular mail, online and telephone. It is a direct way to get individual's responses on specific research issues. It is an effective way of collecting primary data especially suitable for a quantitative study based on a large sample that is geographically expanded. The questionnaire consists of two major Parts. Section A gathers demographic information of the respondents such as gender and age

Section B covers statements on factors influencing Consumer Behaviour towards Private label brands with special emphasis on Price, quality and store loyalty. Scaled questions can help researchers on measuring a respondent's responses to stimulus quantitatively. Scaled questions are popular when we want to investigate a respondent's psychological responses such as feelings, judgments, opinions perception and tendency of behavior. Likert scaled questions capture a respondent's attitudes on an assertion from 1 to 5 which stand for strongly disagree to strongly agree. So in the questionnaire of this study Likert scaled questions are used to obtain customers' attitudes and tendency of behaviour. Most of the questions are closed-ended questions in order to measure customers' attitude and behavior information as accurate as possible.

Sampling: Sampling is the process of selecting individuals to comprise a sample for a study. Convenience and non-probability sampling technique will be used. Most of the time, the whole population of a research question is too big and makes it impossible to collect data for the entire population, so sampling is necessary. The study aims to examine the influence of CSR on consumers' buying behavior in the state of Gujarat, target population comprised all of the Management students in Gandhinagar in the state of Gujarat.

Sample Size: Sample sizes larger than 30 and less than 500 are appropriate for most studies; therefore total 100 samples are taken for the study.

Analysis of Data and Findings

Data obtained through questionnaire is analysed with the help of SPSS software. Where descriptive and multiple linear regression statistics will be used to analyse the data. Descriptive statistics is used to analyse the data in Sections A and of the questionnaire, whereas multiple linear regressions is used to analyse the data in Section B.

Hypothesis:

Null hypothesis: There is no significant association between Gender and buying behaviour of customer towards private label brands.

Alternative hypothesis: There is a significant association between Gender and buying behaviour of customer towards private label brands.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
gender * CB	100	100.0%	0	.0%	100	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.914	21	.349
Likelihood Ratio	28.132	21	.136
Linear-by-Linear Association	3.031	1	.082
N of Valid Cases	100		

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.479	.349
	Cramer's V	.479	.349
N of Valid Cases		100	

From the table it can be seen that as significance value is greater than 0.05 the Null hypothesis gets accepted it means there is no significant association between gender and buying behaviour towards private label brands.

Null hypothesis: There is no significant association between Age and buying behaviour of customer towards private label brands.

Alternative hypothesis: There is a significant association between Age and buying behaviour of customer towards private label brands.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
age * CB	100	100.0%	0	.0%	100	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.880	21	.718
Likelihood Ratio	20.705	21	.477
Linear-by-Linear Association	.000	1	.987
N of Valid Cases	100		

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.411	.718
	Cramer's V	.411	.718
N of Valid Cases		100	

From the above table it can be seen that as significance value is greater than 0.05 the Null hypothesis gets accepted it means there is no significant association between Age and buying behaviour towards private label brands.

To study the consumer behaviour towards private label brands and to know whether Price, quality or store loyalty

has any impact on consumer behaviour towards private label brands.

Hypothesis- H0: âPR+ âQL+ âSL=0 to check this ANOVA is conducted and if model is accepted then Multi Linear Regression model will be used.

Multiple Regression: The aim of the research is to study different factors which have impact on Consumer buying behaviour. In order to understand which factors have an effect and which have the most important effect on purchase intention multiple regression is used. This technique is very useful for managers because it permits to see which factors have an influence on a dependent variable (Shiu et al., 2009, p. 583). Multiple regression permits to give us how much of the variance in our dependent variable can be explained by our independent variables (Pallant, 2010 p.156).Consumer Behaviour is chosen as the Dependent variable as the aim is to demonstrate how different factors of affect consumer buying behaviour.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702	.493	.477	.42460

a. Predictors: (Constant), SL, QL, PR

The R Square is equal to 0.70 which means that our model composed of four variables explains 49.5% of the variance of the consumer behaviour driven by Price, Quality and Store Loyalty

ANOVAᵇ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.823	3	5.608	31.104	.0
	Residual	17.308	96	.180		
	Total	34.131	99			

The significance of this result was demonstrated by looking the ANOVA table, with a level of significance equal to 0.000 so our model explains more than the half of the variance of the Consumer Behaviour (57%). An analysis of variance (ANOVA) is used to test whether there is a significant linear relationship between the combination of the four CSR components and consumers' buying behaviour. According to above Table, the p-value is .000, indicating that the four CSR components significantly influence consumers' buying behaviour.

Coefficientsᵃ

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.778	.270		2.884	.005
	PR	.349	.079	.403	4.433	.000
	QL	.252	.080	.281	3.166	.002
	SL	.138	.077	.159	1.787	.077

a. Dependent Variable: CB

A coefficient table is another important table to explain the relationship between the three factors and consumers' buying behaviour. Based on the significance (Sig.) column, the p-value for Price and quality is less than .05, which indicates that price and quality factors have impact on Consumer Behaviour where as significance value of store loyalty is greater than 0.05 means store loyalty is not affecting the consumer behaviour.

In above table unstandardized beta coefficient is used for the values of the numbers in the linear regression equation. Theory explains that a higher beta value indicates a greater impact of the independent variable on the dependent variable. The independent variable (Factors) can be ranked according to the magnitude of the beta coefficient to determine which component has the most significant impact on consumers' buying behaviour.

Thus Multiple Regression equation of this study is Consumer Behaviour =0.778 +0.349 (Price) +0.252(quality) +0.138(store loyalty)

Conclusion

As discussed previously in the literature that, the price of private label brands in India is averagely 30 percent lesser than the price of national brands. This variation of 30 percent is vital for price sensitive person. The proves from the findings emphasis that; price is an imperative cause for the target group to purchase private label brands. This means that, individuals purchase private label brands because they understand the low-priced of the product. Quality is an imperative motive for private label brand usage (Batra & Sinha, 2000) but quality is not more important than price in terms of private label brands (Hoch & Banerji, 1993). The findings confirmed that customers usually have store loyalty but private label brands cannot generate store loyalty to them.

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