Consumer Orientation towards Store Brands Vis-à-vis Name Brands

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ABSTRACT:- India is one of the finest destinations for global retailers with more than 12 million retail units in the country. Though the Indian retail market is commanded by unorganized traders, its vast potentiality attracts organized national and international retail bigwigs in a huge way. Organized retail in India is set to grow from the present 8% of the total Indian retail to 20 % by 2020. With the growth of organized retail India, store brands are also expected to grow as observed in the other developed markets internationally. The growth potentiality of store brands in India throws brilliant opportunities to retailers to find out the consumers' motivations towards choosing store brands.

This piece of work presents the consumer orientation towards store brands of the select retail store. The objective of the work is to figure out the odds of a retailer to prosper when they launch store brands**.** The study investigates if brand-loyalty plays any roles in making purchase decision and to discover how ready are consume to embrace new brands. A survey was carried out on a sample size of 150 (75 from Food and Grocery and 75 from Fashion and Apparel product categories) to gather the opinion of the customers from Nellore, Andhra Pradesh, India with the help of a structured and undisguised questionnaire. Appropriate statistical tools were used to examine the data. The study found that a large amount of the young consumers are upbeat about the store brands in Fashion and Apparel segment. Most of the respondents opined that quality, reliability and brand image are the overriding aspects that differentiate store brands from name brands.

Keywords:- Store brands, fashion & apparel, food & grocery, brand image, brand loyalty

I. INTRODUCTION

Indian retailing accounts for 15% of the country's GDP. The value of Indian retail which is estimated to be US$ 450 bn. makes it one of the fastest-growing retail destinations in the world and keeps it among the top five retail hubs in the world. India, the nation of shop-keepers, is dominated by mom-and-pop stores which accounts for more than 90% of the market. By the year 2013, large-format hypermarkets, super markets and shopping malls have managed to capture a significant portion i.e., nearly 8% of the total India retail market and these were located in big, urban cities.

Globally, retailers are adapting novel strategies to succeed in new and promising markets. India is no exception. Global as well as national bigwigs in retail are coming up with a slew of innovative strategies to lure the customers. Of them, introduction of store brands by retailers is a significant measure adapted by them to draw the customers and build store loyalty and fight against the name brands (manufacturer brands)

The idea of introducing store brands was kicked off by corporate retail chains to fight with some rapidly promoted name brands (national and international) and items. (Stern, 1966). Store brands or private labels or in-store brands are brands owned, controlled, and sold exclusively by a retailer (Baltas, 1997). Until India opened up gates for foreign players in 1990s India hasn't seen store brands. In those days, retail in India was unorganized and people were totally reliant on unorganized traders for all their requirements. In 1991, Shoppers Stop popularized the concept of store brands in India and changed the game with the new rules of shopping by introducing to the Indian consumers, the international shopping experience. Soon after in 1997,

Kishore Biyani led Pantaloons chain stores started commanding the Indian retail space with inventive strategies and better store brands. The game is strengthened with the entry of Reliance Industries into retail in 2006.

Manufactures of name brands, started sensing the muscle of store brands as store brands started grabbing the share of name brands. Unlike earlier, store brands are now treated as quality alternatives for name brands, which are offering tall margins. The growth of organized retail in India offered new opportunities for store brands to corporate retail giants. Store brands are now seen in a wide varieties of product lines such as fashion, apparel, food, grocery, personal-care etc.

II.   REVIEW OF LITERATURE

Academicians and industrialists across the world opine that (i) superior margins; (ii) scope for negotiation with national brand manufacturers; and (iii) enhanced store loyalty by consumers (Hoch and Banerjee 1993) are the primary reasons for introducing store brands. The choice of store brands depends on 'shopping experience', 'value', 'time utility', 'possession utility', and 'place utility'. Hoch and Banerjee (1993) challenged the widespread perception that a store brand's chief attraction was the considerable price cut in comparison with national brand. They accentuated the role of product quality in the store brand purchase decision. The study revealed that the perceived quality was much significant than the level of price discount in determining the share of store brands. Quite a few studies have investigated the role of customer taste and preferences on the perceptions of store brands. Sundel (1974) used a 'blind' (brands not identified) taste test and uncovered that there was hardly any difference in respondents' ratings between national, regional and store brands of bread and canned corn. Nevertheless, consumers perceived national brands to be superior to regional or local store brands.

Labeaga et al. (2007) tested whether store brands help retailers in building store loyalty by differentiating their offerings. While manufacturer brands are available to customers at many competing stores, store brands are available exclusively with on retailer. Consumers who regularly shop for particular store brands are much concerned with the switching costs when their favorite store brand is no longer available. Consequently, consumers who switch to other retailers experience tough cognitive processes by comparing and evaluating the other brands, including the unfamiliar store brands, in opting for new product.
Consumers who buy particular store brands as a routine do not only become loyal to that brand but also to the store through which it is sold (Collins and Burt, 2003). One strong belief among consumers of the store brands towards its popularity and growth is that it offers price advantage over national brands (Batra and Sinha, 2000). However, quality of the store brands appears to be more imperative than low price in determining the success for store brands (Hoch and Banerji, 1993). To gain more acceptance from the customers, store brands are to be positioned as products of premium quality with price levels ranging from slightly lower to the prices of the brands promoted by leading manufacturers from the product category considered (Sandeep Kumar Machavolu, 2013).

An interesting issue about store brands is the fact that their growth has been extremely uneven across the product categories (Hoch and Banerji, 1993). As competition is getting intensified, retailers are chalking out new strategies to survive in the marketplace, one such strategy being private branding espoused by most of the retailers. Because of this reason most of the retailers in recent times have introduced a slew of store brands in different categories viz., apparel, food and beverages, grocery, health care, personal care, consumer durables, lifestyle etc. The chief driving force behind introducing private label brands is to ensure the customer loyalty. This can be attained as brand is available only with one particular retailer.

III.   FINDINGS
Fashion & Apparel

Table 1(a): Consumers' Preference towards Name Brands in Food and Apparel Category

S. No.	Currently Used Brand	Frequency	Percentage
1	Basics	45	30
2	Levis	34	23
3	Peter England	22	15
4	Louis Philip	13	9
5	Raymond	12	8
6	Park Avenue	6	4
7	John Player	4	3
8	Reebok	14	8
Total		150	100

From the table above, it can be inferred that a majority of the respondents (30%) use Basics, 23% of respondents use Levis, 15% of respondents use Peter England; 9%-Louis Philip; 8%- Reebok and Raymond each; Parke Avenue by 4% and a mere 3% use John Player.

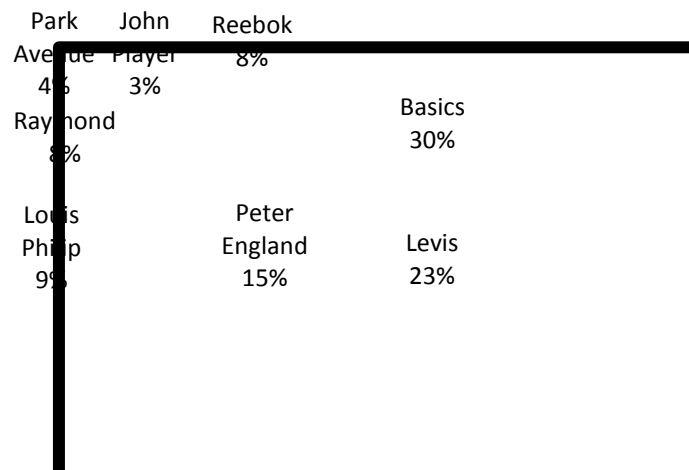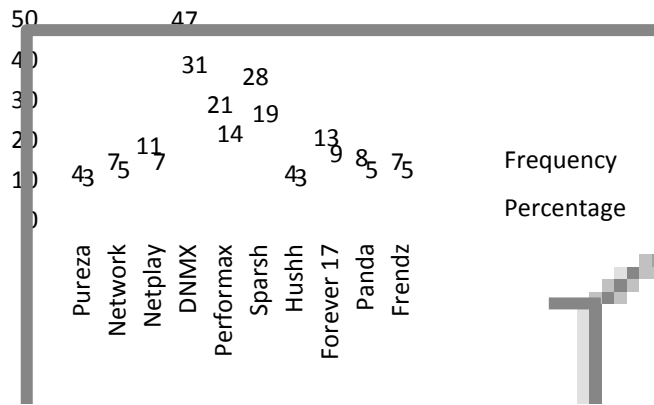**Graph 1(a): Consumers' Preference towards Name Brands in Food and Apparel Category**

Table 2(a): Purchase Frequency of Store Brands of Reliance Retail in Fashion and Apparel Category

S. No.	Store Brand	Frequency	Percentage
1	Pureza	4	3
2	Network	7	5
3	Netplay	11	7
4	DNMX	47	31
5	Performax	21	14
6	Sparsh	28	19
7	Hushh	4	3
8	Forever 17	13	9
9	Panda	8	5
10	Frendz	7	5
Total		150	100

In the above classification of the store brands used by the respondents , it was found that a majority of them (47%) have preferred DNMX, followed by Sparsh and Performax.

Graph 2(a): Purchase Frequency of Store Brands of Reliance Retail in Fashion and Apparel Category

Food and Grocery:

Table 2: (b) Purchase Frequency of Store Brands of Reliance Retail in Food and Grocery Category

S. No.	Store Brand	Frequency	Percentage
1	Reliance Select	43	57
2	Reliance Value	22	29
3	Reliance Tea	7	9
4	Reliance Honey	3	4
	Total	**75**	**100**

In the classification of the private brands used by respondents in the Food and Grocery section, it was found that the Reliance Select and Reliance Value occupied the preference list by most of the respondents (57% and 29% respectively) and Reliance Tea and Reliance Honey were also preferred by a few customers (9% and 4% respectively)

Graph 2: (b) Purchase Frequency of Store Brands of Reliance Retail in Food and Grocery Category
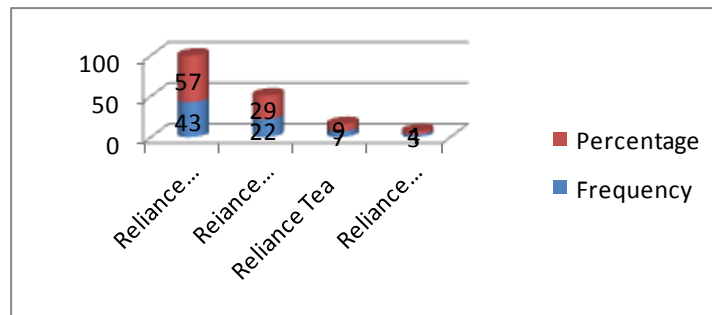

Table 3(a): Rival Brands for Reliance Select

S. No.	Rival Brand	Frequency	Percentage
1	Aashirvad	33	44
2	Annapurna	21	28
3	Pillsburry	14	19
4	Sibhalakshmi	7	9
	Total	**75**	**100**

From the above table we can easily identify the competing brands for Reliance Select i.e., Aashirvad is extremely leading with other brands at 44%., followed by Annapurna and Pillsubry (28% and 19% respectively). Surprisingly, a local brand Subha Lakshmi is also competing though with a mere 9%.
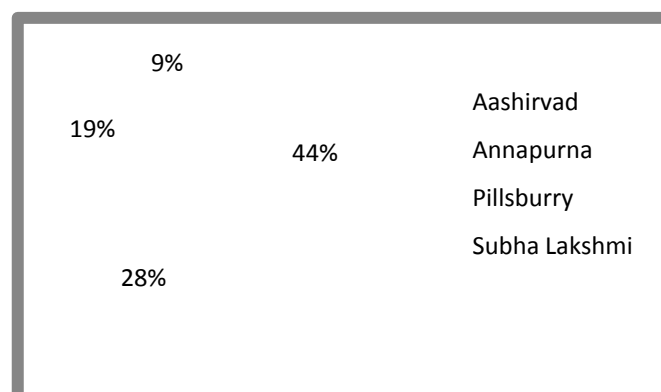
Graph 3(a): Rival Brands for Reliance Select

9%

19%

44%   Aashirvad

Annapurna

Pillsburry

Subha Lakshmi

28%

Table 4(a): Factors Leading to Purchase of Name Brands

S. No.	Factors	Frequency	Percentage
1	Quality	33	44
2	Price	19	25
3	Trust	4	5
4	Variety	7	9
5	Brand Image	4	5
6	Availability	5	7
7	Others	3	4
Total		**75**	**100**

From the table, it can be inferred that 44% of respondents are influenced by quality of the national brands they buy, for 25% of the respondents it is price and the rest of   the factors are seen as not playing much role, when taken individually, in attracting them towards the purchase of national brands.

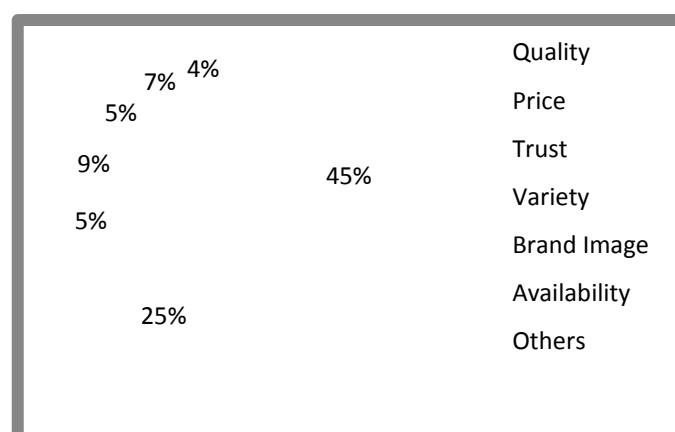**Graph 4(a): Factors Leading to Purchase of Name Brands**

7% 4%

5%

9%   45%   Quality

Price

Trust

Variety

5%

Brand Image

Availability

25%   Others

Table 4(b): Factors Influencing the Purchase of Store Brands

S. No.	Factors	Frequency	Percentage
1	Quality	17	23
2	Price	37	49
3	Trust	3	4
4	Variety	4	5
5	Brand Image	7	9
6	Availability	6	8
7	Others	1	1
	Total	75	100

Among the factors leading to the choice of store brands, it was found that a majority of the respondents (49%) gave preference to price in purchase of store brands and 23% of the respondents felt that quality of the product was the next significant factor that determines the choice of the store brand. Trust in brand, variety, brand image and availability also played equal part in choice of store brands.

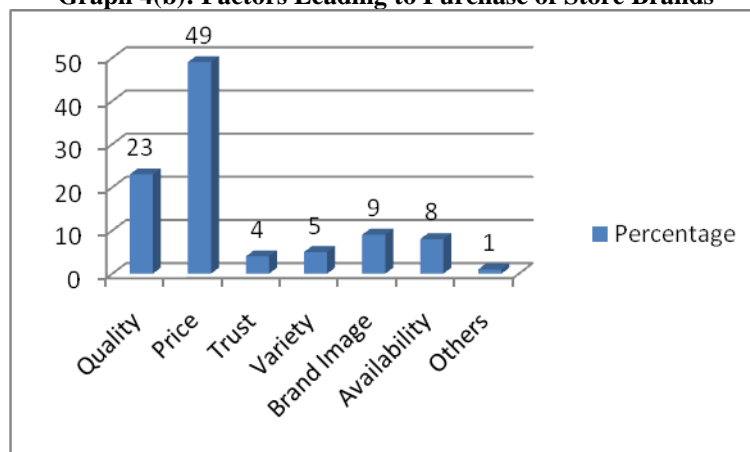**Graph 4(b): Factors Leading to Purchase of Store Brands**

Table 3: Pricey Brand

S. No.	Type	Frequency	Percentage
1	Store Brand	12	16
2	National Brand	63	84
	Total	75	100

It can be understood from the above table that most of the respondents (84%) are of the opinion that buying a national brand is expensive compared to store brand.
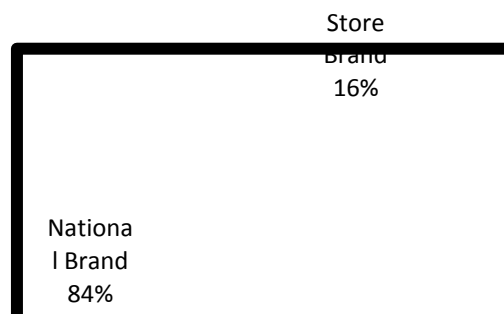
Graph 3: Pricey Brand

Store Brand
16%

National Brand
84%

Table 4: Store Brand Innovation

S. No.	Response	Frequency	Percentage
1	Yes	6	8
2	No	69	92
Total		75	100

Of the total respondents a majority (93%) think that national brands are still innovative whereas very negligible respondents (8%) said store brands are innovative in its offering.
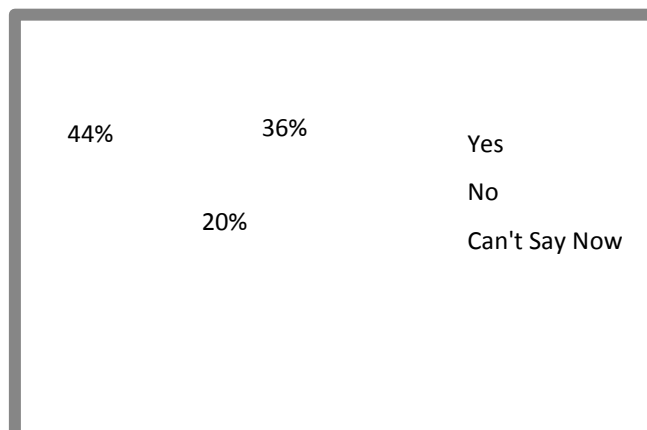

8%

Yes

No

92%

Graph 4: Store Brand Innovation

Table 5: Consumer Response towards Future Purchase of Store Brands

S. No.	Response	Frequency	Percentage
1	**Yes**	**27**	**36**
2	**No**	**15**	**20**
3	**Can't Say Now**	**33**	**44**
Total		**75**	**100**

The above table provides good insights that though considerable percentage of the respondents (36%) agreed that they would plan to buy store brands in future too, still there is a huge percentage of the respondents (64%) who seems to be skeptical. Of the total respondents, 20% said they are not ready to buy store brands in future, where as a good percentage of them (44%) said they can't say if they are going to buy in future or not as if now.

Graph 5: Consumer Response towards Future Purchase of Store Brands

44%   36%   Yes

20%   No

Can't Say Now

2.1 BRAND PREFERENCE * AGE: CROSS TABULATION

HYPOTHESIS:
Null Hypothesis (Ho): There is no significant relationship between product category and rationale behind purchasing.
Alternative Hypothesis (H1): There is a significant relationship between product category and rationale behind purchasing.

Crosstab

			Age					
			15-20	*21-25*	*26-30*	*31-35*	*36-45*	**Total**
Qus3-fob	**Store Brand**	*Count*	3	6	8	1	5	23
		Expected Count	2.2	5.0	6.3	3.2	6.3	23.0
	National Brand	*Count*	4	10	12	9	15	50
		Expected Count	4.8	11.0	13.7	6.8	13.7	50.0
Total		*Count*	7	16	20	10	20	73
		Expected Count	7.0	16.0	20.0	10.0	20.0	73.0

CHI-SQUARE TESTS

	Value	**df**	**Asymp. Sig (2-Sided)**
Peason Chi-Square	3.888*	4	0.421
Likelihood Ration	4.326	4	0.364
Linear-by-Linear Association	1.896	1	0.169
No of Valid Cases	73		
a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.21			

As $0.421 < 0.5$, the null hypothesis is accepted and we inferred that there is a significant relationship between product category and reason behind purchasing.

IV. CONCLUSION

The present study concludes that, that consumers are fast embracing store brands in comparison to name brands. Store brands are able to position themselves significantly in the mind of consumers and are gaining acceptance. Growth in specific store brand category like Food & Grocery and Fashion & Apparel product are growing at a faster pace. However, the future of store brand is dependent on the retailer's ability to overcome key challenges such as adaptive supply chain practices, quality infrastructure, accelerated growth in new categories, blurring dividing lines between store brands and national brands. From the study, it was found that quality, price, trustworthiness, wide variety are the most influencing factor which drive the customer to buy the private label brand. Therefore, these are the factors which should be considered while coming with the future store brand. This in turn will help the stores to increase sales.

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