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# Consumer attitude-New Trends and Direction in PLB with Comparison with National Brand

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**Abstract**

*In this study, we explore and depict the private label brand concept which is changing the modern retail business in India. The in-house brands commonly known as private label is drastically changing the way consumers are considering the brand as a crucial factor while purchasing for the product. There has also been a behavioural shift in the consumer attitude towards private label brand.*

*Retailers are presenting private label brand as a value for money proposition. It has been found out that there is positive customer attitude towards emerging private label brand it has also been found out that private label brand are at par with national brands at selected retail outlet in India.*

*The private labels have more than 50% market share developed retail world. (Prasanth MK, Dr.J Balan 2013) The private labels are pervasive in personal care, home care, processed food, groceries and consumer durables etc.*

*But the main aim of consumers is looking forward to buy a product which would satisfy their usage, wants and needs. In this research paper main study is carried out to check the preference and attitude of the customers over the usage of private labels to satisfy their needs and requirements effectively. Also tries to differentiate between private labels and national brands. The present research was carried out at the selected retail a chain in Metro and non-metro city of India such as More, D'art, Apna Bazaar and Reliance Fresh finds that, the married and un-married, age group and based on the level of education consumption will be different for food, groceries and personal care in FMCG sector and improving consumer awareness about new products, quality and services.*

*This study provides new insight into customer attitude and satisfaction level on customer buying behaviour of store brand versus national brand.*

**Keywords:** Private label, Consumer attitude, National brand, Consumer awareness, Consumer attitude.

## 1. Introduction

Retail industry can be broadly classified into two categories namely- organized and unorganized retail.

- Organized retail- Organized traders/retailers, who are licensed for trading activities and registered to pay taxes to the government.
- Unorganized retail– It consists of some unauthorized small shops - conventional general stores, Kirana shops, corner shops among different other small retail outlets - but remain as radiating force of Indian retail industry.

In the past few years, Indian Retail sector has seen a huge transformation where it has compressed the unorganized sector to a great extent. Major domestic players have stepped into the retail era with long term, ambitious plans to expand their business across the verticals, cities and states. Customers are provided with large options for a same type of product which has refined brand preferences in the minds of the customer. Increase in the income level of the customer is another reason which has developed a habit in the minds of the customer to use branded product. Customers who are brand associates assume equality in price and product availability as specific qualities while selecting a brand.

Companies liked 'Mart, Reliance, Tata, and Bharti have been investing considerable in the booming Indian Retail market.

Indian Retail sector has tremulous growth has become one of the world's top 5 global retail sector According to the 2007 report by McKinsey & company, India is set to grow into the fifth largest consumer market in the world by 2025 It is estimated that the total number of shopping malls will grow at the rate of 18.9% by 2015. India's modern consumption level is set to double within five years to US$ 1.5 trillion from the present level of US$ 750 billion. The Indian retail sector is highly divided and the unorganised sector has around 13 million retail outlets that account for around 95-96% of the total Indian retail industry. However, going forward, the organised sector's emerging new idea and outcomes as growth potential is expected to increase due to globalisation, high economic growth, Inflation and improved lifestyle.

Growth potential for private labels is abundant as it is directly related to the growth of modern retailing. Private label brands are margin making. India's share is around 10% as opposed to around 40% in the European countries. It is envisaged that in the next two decades, 50% of Indian retail will be occupied by private label (Business Adviser Tea Trading Division of Aditya Birla Group, Subrata Roy)

**1.1 Private Label**

The private label brand is the product that is manufactured or produced by one company for selling under another companies' brand. It's also define as Own brands, Store brands, label brand, house brand or generic. Private label brand is also called retailer brand as its design, manufactured and sale by retailer. Retailer has its own control over the product with providing a cheaper alternative to customers as compression with national brand. Retailers are more likely to gain an increase in their category profits by introducing private labels in product categories.

Private label products are manufactured for sale under a retailer's brand. They are often designed to compete against branded products, offering customers a cheaper alternative to national brands. It's also called low cost brand as its satisfies customers need with lower price and out looking packaging as compare with national brand and this is the one of the reason change in customers' attitude about private label product. In recent year considering as most strategies decisions for the retail organizations this is the reason many retailers' have introduced different type of private label in different categories like apparel, food and grocery, electronics, jewellery health care, personal care, consumer durables, lifestyle etc. private label brands account for an increasing percentage of a consumer's shopping trend, many research scholars have attempted to understand and explain consumer behaviour towards private label brands.

### 1.2 Consumers' Attitude towards Private label products

Consumers' attitude is an important factor in influencing consumers' purchase intention towards private label product (Chaniotakis et al. 2010). Consumers' attitude includes 'familiarity', 'trust in private label product' and 'perceived economic situation'.

Chaniotakis et al. (2010) stated that 'the way of thinking' influence consumers' purchase intention and also perceived of economic situation. A study found that, consumers would try to save money by purchasing private label product during economic downturn and once the condition turn to be better; they will shift back to their familiar brands (Conroy, 2010). This is due when the product is familiar to a person; he or she will define product in such a good way. Therefore, in order to build up trust on the private label product, retailers should let consumers feel confident with their product (Broadbridge and Morgan, 2001 as cited by Chaniotakis et al., 2010). The trust in private label product is influenced by the perceived benefit that means the perceived price-quality affects consumers' attitude. Once purchasing is made, internal memory arise from purchase experiment with external memory arise by the information received would play the role in purchasing process (Bettman, 1979). The people with negative experience toward the product will give a negative impact for future purchase as the quality matched the price, a positive impact is shown. Furthermore, such experience is much easy to be shared with others and thus influence their decision-making (Jarvala, 1998).

## 2. Literature Review

There are many researches done to find the various criteria's that govern the preference of consumers about certain brands. In the present study the following literatures have been reviewed in order to identify the areas that have already covered. Some of the researcher has found that certain issues regarding customer motive of buying PLB such as level of income, attitude of consumer, loyalty and trust factor.

Pelsmacker, Driesen and Rayp (2005), have conducted a survey on willingness of the customers to pay for fair-trade coffee. In this study they observed that, consumers buying behaviour is not consistent with the positive attitude toward ethical products. They also found that, 90% of customers were not willing to pay average price premium for fair trade labels. Income those are associated with differences in various store brand demand and explain varying preferences (Baltas and Argouslidis, 2007; Akbay and Jones, 2005). Consumers' social status is supposed as one of the important factors that influence the purchase of the store brands (Baltas, 2003). Further it was found that more specific, consumers' willingness to purchase own label products is much closely related to the importance given to the fulfilment of expectations when choosing the products (Veloutsou et al., 2004). These research works include study by Gala, Ramchandra and Patil, 2013 on consumer attitude towards private label, national brand and their behaviour towards various retail outlets and Kirana stores available in Sangli district of Maharashtra India. The study concluded that the customer was found that consumer's intention to PLBs also based on trust in private label products impact on consumer attitudes towards own labels via their influence on products' perceived benefits (Chaniotakis et al., 2009).

As studies various research paper of current year some of the output is find out retail outlets and Kirana stores available in the Sangli district, Maharashtra India. The study concluded that the customers see private label as the local product that is not been taken as national brand. The majority of respondents prefer both national and private label as compared to preferences shows that, majority customers prefer national brands for purchasing electronic, luxury, sanitary and clothing items whereas they prefer private label for food and other miscellaneous items. The private labels purchase is affected by positive world of mouth. On other hand, the poor quality is the major reason for people do not give preference to buy private label products. The major reasons of purchasing private labels are quality, price and availability in the retail outlet easily. Joshua, Selvakumarand Varadharajan, 2013 studied similar study in Coimbatore, India and revealed that the preference pattern changes in regarding demographic profile of respondents for national brand and private brand. They analyzed three categories of private labels, namely apparel and consumer durables, food and non food FMCG and found that freshness is important factor which contributes the sales growth of private labels. The respondents prefer good packaging towards brand and value for money for private labels. It is inferred that price and quality of national brand products are some high as compared to private label products, packaging of national brand products are better when compare it to the private label products, risk of buying national brand products are less risky as compared to private label products and brand image of buying national brand products are some higher than the private label products. Senthilvel Kumar, David and Jawaher, 2013 also performed study in Coimbatore, India to understand intention and perception of the consumer while purchasing private label brands. The study revealed that the buyers of private label brandss could be classified into three and two clusters respectively. The respondent's income and age did not influence their attitude.

## 3. Objectives

The research paper focussed attention on number of factors that highlights the customer's attitude about the private label brands and the national brands with the following objectives:

- ✓ To understand buying behaviour of consumer when they are engaged in the buying process.
- ✓ To study the consumer awareness and preference towards private label.
- ✓ To analyze attitude level of customer.

### 3.1 Hypothesis and Research Outcomes

**HI:** There is positive correlation between socio demographic and buying behaviour of consumer.

**H2:** There is positive correlation between consumer attitudes towards PLB vs. national brand.

**H3:** There is positive correlation between preference towards PLB and level of income of consumer positive influence on consumer buying behaviour can help retailers to have better focus on attributes.

## 4. Methodology Data Collection

This empirical research and survey is conducted based on structured and close -ended questionnaires. The questionnaire used in this study is constructed based on the previous studies. The questionnaire content of 13 questions, Primary data collected from various customers from metro and non-metro city across the India. The secondary data also has also been collected from various sources as per the need of research. A questionnaire was organized into three sections regarding: (i) socio-demographic profiles of respondent; (ii) Awareness and consumption habits; (iii) consumer perception and attitude for different category. The 270 respondents have been selected with convenience sampling technique. The sample includes respondents with different age group, education and occupations so that a clear picture of how a private label is considered in the minds of the customers belonging to India.

Study has been carried out to get clarity about the objectives by interacting with customers. From the past research study it was observed that private label categories are doing extremely well in the market. This informs that growth rate of private labels in certain categories. Customer awareness about private label is also increase in certain categories. A researcher tries to understand the key variables responsible for driving the purchase of private label brand. In the first phase, an exploration of factors driving the consumers towards the stores has been studied. As its true that consumer behaviour is complex and very often not considered intelligible. A common hindrance is that consumers differ across borders and regions hence the behaviour, personality and preference cannot be ignore in such case. In modern times, the prediction of consumer behaviour is more essential for prosperity of business. Its strategy and prediction formulation is the challenge for management of the business organization. Only those organizations those formulate and implement consumer oriented strategies, can survive in the global competitive era.

In the second phase, the association between the some variables such as store name as private label name, quality number of categories, innovative private labels, price and promotions of national brand and private label brands on store loyalty has been observed.

The third phase focuses on the contribution of the private label brands in terms of per month income with the demographic variable of private label brands in prominent sectors such as grocery, food, home care and personal care etc.

Statistical tools Data has been collected by primary and secondary sources as discussed above. The statistical tools such as correlation, SPSS, cluster analysis, factor analysis have been used. The descriptive statistics like mean and standard deviation were generated to give an overview of the data. ANOVA is used for significant difference between demographic variable and variable affect to private label.

Data Collection Primary has been collected by a survey method through structured questionnaire popular retail outlets like D'Mart, Reliance fresh, Apana bazar, more were considered for the study. The secondary data was collected through newspaper, magazines, journals and internet.

Consumer buying behaviour largely depends on the demographic factors like age, gender, family life cycle, education, occupation etc. Its also depend upon priorities of individual. These factors help the consumer in deciding their preference towards national brand or private label products.

**HI:** There is positive correlation between socio demographic and buying behaviour of consumer.

**Table -1** DEMOGRAPHIC COMPOSITION OF THE SAMPLE DATA: GENDER

| Gender | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Male | 163 | 60.15% | 60.15% |
| Female | 108 | 39.85% | 100% |
| Total | 271 | 100% | |

**Table – 2** DEMOGRAPHIC COMPOSITIONS OF THE SAMPLE DATA: AGE GROUP

| **Age Group (years)** | **Frequency** | **Percent** | **Cumulative Percent** |
|---|---|---|---|
| 15- 20 | 19 | 7.01% | 7.01% |
| 21 -25 | 157 | 57.93% | 64.94% |
| 31 – 35 | 19 | 7.01% | 71.95% |
| 36 -40 | 7 | 2.58% | 74.53% |
| 41 – 45 | 17 | 6.27% | 80.8% |
| 45 and above | 23 | 8.49% | 89.29% |

**Table -3** DEMOGRAPHIC COMPOSITION OF THE SAMPLE DATA: INCOME GROUP

| **Income Group (Rs) per month** | **Frequency** | **Percent** | **Cumulative Percent** |
|---|---|---|---|
| **Below 2 lacs** | 147 | 63.36% | 63.36% |
| **2 -3.5 lacs** | 31 | 13.36% | 76.72% |
| **3.5 to 5 lacs** | 23 | 9.91% | 86.63% |
| **5 t0 6.5 lacs** | 14 | 6.03% | 92.66% |
| **6.5 lacs and above.** | 17 | 7.33% | 99.99% |
| **Total** | 232 | | |

**Table -4** DEMOGRAPHIC COMPOSITION OF THE SAMPLE DATA: OCCUPATION

| Occupation | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| **Employed** | 127 | 47.04% | 47.04% |
| **Student** | 131 | 48.52% | 95.56% |
| **A Homemaker** | 9 | 3.33% | 98.89% |
| **Retired.** | 3 | 1.11% | 100% |
| **Total** | 270 | | |

Above Table exhibits the majority of participants are male (60.15%) and age group between 21-25 years old (57.93 of total number of respondent. The highest occupation for the most respondents is from students (48.52%). Many respondents earned RM less than 2 lacs monthly household income (63.37%) while most respondents are single (72, 32%) of the total. occupation, household income, age and gender. These results led to further probing of the situation as household income, occupation age and gender do display significant differences in the consumer behaviour in markets, where retail is an application area.

Consumers' familiarity of Private label brand and National Brand.

CAN YOU DIFFERENTIATE BETWEEN PRIVATE LABEL (OWN BRANDS) AND NATIONAL BRANDS WHILE MAKING A PURCHASE?

| | | |
|---|---|---|
| YES | 238 | 88.81% |
| NO | 30 | 11.19% |

The survey findings reveal that (88.81%) of respondents agree that they have familiarity about the private label and 11.19 % are not aware about PLB.

**H2:** There is positive correlation between consumer attitudes towards PLB vs. national brand. Table - 5

| | Food | Grocery | Personal care | Home Care |
|---|---|---|---|---|
| **Price** | 14% | 19% | 13% | 18% |
| **Quality** | 35% | 32% | 26% | 23% |
| **Value of Money** | 17% | 18% | 14% | 19% |
| **Brand** | 13% | 10% | 27% | 17% |
| **Peer Feed back** | 6% | 4% | 8% | 8% |
| **Store Loyalty** | 6% | 7% | 4% | 5% |
| **Availability** | 9% | 10% | 7% | 9% |

Result shown in the table for grocery and food items available in the place of purchase and that they are well informed about the existence of the PLBs, t (35%) of respondents give Quality as preference while purchasing food item (32%) on grocery and (27%) give brand as preference as personal care. Brands of store which reflects due to people are interested in best quality if they are ready to give best price economic situation. Price sensitivity in buyer behaviour and brand loyalty is the main factor that attract consumer towards national brands. Consumers acquire more information about the product especially when there are similar quality goods in the market.

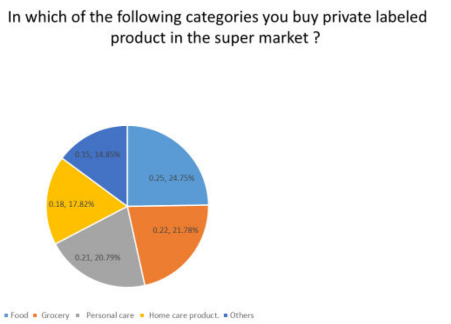
**Table - 6**

| | 1 | | 2 | | 3 | | 4 | | 5 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **D'Mart** | 102 | 40.00% | 51 | 20.48% | 29 | 11.84% | 45 | 19.31% | 26 | 11.35% |
| **Reliance Fresh** | 40 | 15.69% | 79 | 31.73% | 77 | 31.43% | 31 | 13.30% | 15 | 6.55% |
| **Daily Bazar** | 8 | 3.14% | 18 | 7.23% | 43 | 17.55% | 96 | 41.20% | 68 | 29.69% |
| **Big Bazar** | 76 | 29.80% | 79 | 31.73% | 52 | 21.22% | 30 | 12.88% | 13 | 5.68% |
| **Others** | 29 | 11.37% | 22 | 8.84% | 44 | 17.96% | 31 | 13.30% | 107 | 46.72% |

Supper market that consumer prefer from the option given in the table are 102 (40%) of the consumer are prefer D'Mart and least prefer Daily Bazar(3.14%) as 1 being highest and 5 being lowest using likart scale.table also mention that 46.72% of the total visit other than given for the requirenment.which mention that consumer are willing to purchase PLB is closely related to the importance and requirenment of the consumer while choosing the product.

According to the survey findings, majority of the consumers (25%) go in for buying food like Milk, oil, nodules and fresh fruit and vegetables as the risk perceived involved in buying this items is low, grocery like Wheat, Maida whole pulses are the next preferred items by consumers (22%) and this is not major difference in term of food item. This may be due popularity that the brand possesses, personal care items occupy important place in consumer basket and it has been found that (21%) of consumers prefer private label food items and this reflects upon the perceived economic situation that is prevailing in the current situation. Also while purchasing day to day household shopping for the family often prefer private label give more preference to personal care product. This

***As per research which is shown in the graph***



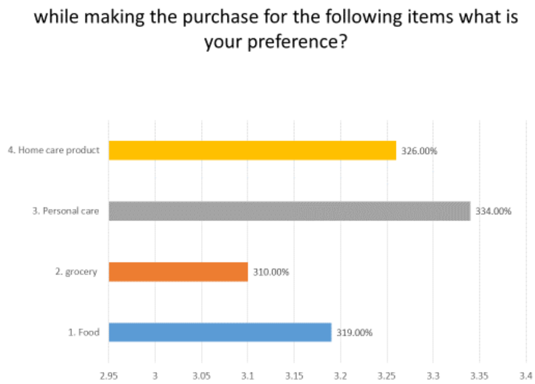




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**Table – 7** Result of multiple regressions analysis for overall consumer attitude towards Private label.

| **Variables** | **Dependent** | |
|---|---|---|
| | **Purchase Intention** | |
| **Independent** | **β** | **T** |
| **Price** | 0.54 | 4.49* |
| **Quality** | 0.25 | 2.58 |

| | | |
|---|---|---|
| **Value for Money** | 0.21 | 0.89 |
| **Brand** | 0.19 | 0.816 |
| **Peers feed back** | -0.10 | -1.07 |
| **Store loyalty** | 0.52 | 4.47 |
| **P value** | .000 | |
| **$R^2$** | 0.49 | |
| **F Ratio** | 10.76 | |

*Note: * $p < 0.01$, ** $p < 0.05$*

$R^2$ statistic shows 49 percent of the total variance for the estimation of consumers' purchase intention towards private label products is explained in the model. A look at the influence of each independent variable revealed that only two independent variables significantly predict purchase intention towards private label products. 'Consumer perceived price' was the strongest predictor (β=.54, t=4.49) followed by Store loyalty '' (β = 0.52, t = 4.47). This table result also state that 'price' is a significant predictor of how likely a consumer will purchase private label products.

These findings indicate that the most important factor in determining consumers' attitude towards private label products is their overall behaviour towards private label products. The more positive attitude they have towards those products, the more likely they will buy them.

**H3:** There is positive correlation between preference towards PLB and level of income of consumer.

**Table – 8 Paired Samples Correlations**

| | | N | Correlation | Sig. |
|---|---|---|---|---|
| **Pair 1** | **Age group: & Income per Month:** | 232 | .383 | .000 |
| **Pair 2** | **Are you Currently: & Income per Month:** | 231 | -.432 | .000 |

The P value 0.000indicates very high significance is very large. There is strong correlation between age group and Income per month indicating that as age group increase in this sample. Similarly, there is high correlation between employment status and Income per month.

Negative correlation indicates that currently unemployed (mostly student) will have low income per month compare to others.

## 5. Conclusion

The study related to the consumer attitude towards private label brand and national brand has given a wide perspective of their behaviour towards various retail outlets and stores available in India. The study has proved that the customers are aware with Private label product as a low-price product which is better option same as the national brand.

Awareness of consumer is increase day by day and they found that PLB is the better alternative to satisfy their need preference towards branded products. This also helps to identify the reasons behind getting attracted towards private label brand. The study has revealed that the majority respondents prefer both private and national label as compared to individual particular brand, but has changed along with change in demographic profile.

This finding may assist retailers to better understand the factors influencing consumers' purchase intention toward private label food product by improving the standard of the private label product and indirectly improve the private label food product in local market. Furthermore, it also adds new knowledge to public on the meaning of private label food product.

Product wise preferences shows that, majority customers prefer national brands for purchasing personal care product as compare with other product food, grocery and home care product prefer loyalty of the product. The study also discloses that, out of the sample respondent's majority prefer private label products due to private labels are extremely good value for money and are good alternative to a national brand whereas those who do not prefer private label products, are not happy with the quality of these brands. The view of customers towards the purchase depends on the price of product, after that the availability and quality of the product can be considered and depend on level of the income.

Although this study has proposed that attitude may influence consumers' purchase intention towards private label brand products, This finding indicates that most people are value sensitive that they would ensure to getting best quality at whatever the price during the purchasing process. Therefore, they might check and compare quality and price 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 (Chen, 2008). Apart from that, consumers perceived store image is important to buying private label food products because the store image reflects images of retailers where it might influence the perceived quality of the products they carry and the decisions of consumers as to where to shop (Leon and Leslie, 2007). The result shown in the table for grocery and food items available in the place of purchase and that they are well informed about the existence of the PLBs.

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