



Consumers' Perception toward Private Brands with Reference to Grocery Products

Dwarakanath Siriguppi, Santosh Kumar Alreddy

Abstract: Organized retailing in India has witnessed a massive growth in recent times. Big corporates have entered into this growing sector. The Private brands i.e., the brands promoted by the organized retailers are the major revenue drivers for these retail firms. These organized retailers predominantly having presence in the segments such as apparels, food and grocery, healthcare, personal care, lifestyle products etc. In the majority of the product categories established national brands are doing extremely well. But the private brands are generating revenues for the retailers mainly in the grocery segments. The important demographic variables like income, occupation and lifestyle have a key role in shaping up the perceptions of consumers of private brands. Private brands are a head of national brands with regard to addressing the price sensitive consumers when compared to national brands. The success of private brands is closely associated with the store image. The national brand manufacturers have invested huge capital on packaging innovations to draw the attention of the consumers. The quality savvy consumers prefer national brands over the private brands. The organized retailers are focusing much on value added services to have competitive advantage. This study found that consumers perceive private brands also offer better quality and greater value for money like national brands especially grocery products.

Key Words: Consumers' perception; Private brands; Store loyalty, Value for Money, Store identity

I. INTRODUCTION

The Indian market is experiencing the emergence of the organized retailing. The introduction of private brands in the product assortment of organized retailers has greatly increased within the last few years. Indian Retail market is poised to grow up to 1200 billion in 2021 (IBEF September 2019).

Its contribution to the GDP is 10%. India is the largest retail market in the entire world with around 10 million retail shops. This sector is being expanded through different store setups. The Indian governments' FDI policy is highly instrumental in attracting more domestic players and MNC's to foray into organized retail sector. The leading Indian giants like TATAs, Reliance, Aditya Birla group, Bharti group, Future group have already began their operations in to organized retailing business.

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* Correspondence Author

Dr. Dwarakanath Siriguppi*, Assistant Professor, Department-Marketing & Strategy, ICAFI Business School (IBS), Hyderabad,

Dr. Santosh Kumar Alreddy, Assistant Professor, Department-Marketing & Strategy, ICAFI Business School (IBS), Hyderabad

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To sustain in the intense competition the organized retailers are working various strategies. Development and introducing the private brands are one such strategy adopted by these firms. Private brands account 5 % sales of FMCG product category.

In India, as organized retailing accounts 9% (Amit Gugnani, Gautham Jain, 2018) of the total retail market, private branding strategy is in nascent stage for most of the retailers. Players such as Big Bazaar, Westside and Food World, Reliance, More have come up with private brands in different product categories.

Private brands

A variety of private brands are being launched by the retailers in various product categories. They are mostly seen in the categories such as apparels, food and grocery, healthcare, personal care, lifestyle products etc. The important drive behind introducing private brand is to spawn store loyalty. This can be achieved as the private brand is only available at a particular outlet. This in turn offers these retailers competitive advantage over other rivals.

Branding of Private Brands

Private branding strategy certainly increases the store image and organization's profitability. In order to attract more consumers, retailers are positioning private brands par with national brands. However, consumers consider private brands alternatives and inferior to national brands, Dolekoglu, C. O., (2008). To change the consumer's perception toward private brands the retailers are coming with innovative marketing strategies. For example Shoppers Stop's brands like Vittorio Frattini, Kashish are positioned as premium brands. The firms are creating ample of shelf space for their own brands

II. REVIEW OF LITERATURE

Many researchers have taken up work on the private branding which is the emerging area of research in the organized retailing. It was found that consumers prefer both private brands and national brands.

Frank and Boyd (1965) and Meyers (1967) opined that perception of consumers plays a key role rather than the individual or economic variables. Present trends reveal that the factors such as involvement, experience, and familiarity, and psychographic and demographic influence purchase behaviour of the store brand (Kara et al., 2009). Consumer preferences, cultural background, diverse economic cycles, and variables such as working condition, social class, and family size can also impact purchasing behaviour (Cuneo et al., 2015).



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Retailer name on product help the customers in greater brand recall and may lead to favourable perception of both retailer and private brand.(Lae Choi & Patricia Huddleston(2013).Perceptions of the private brands are effected by consciousness of the consumers(Kara et al., 2009).Perceived quality, self-perception of the shopper , and perceived risk are the intuitive characteristics of the consumers (Jin and Suh, 2005).Even though, consumers have a better perception of retail store products, but this may lead to the perception of higher prices.(Ailawadi et al., 2001).Consumers' perception and preference is highly subjective, it varies across different products and retail outlets(González Mieres et al., 2006; Livesey and Lennon, 1978).

Richardson (1994) revealed that consumers' perception of private brand can be influenced by an attractive packaging. Raju, J. S., Sethuraman, R., & Dhar, S. K. (1995) found that retailers are maintaining acceptable quality standards in their private brands. In addition to that **Hoch and Banerji(1993); Hoch(1996)** added that maintaining constant quality can increase the market share of private brands. **Kusum L. Ailwadi,Koen Pauwels and Jan-Benedict E.M.Steenkamp(2008)** Private brands in the consumer packaged goods industry have experienced maximum reach and enhanced market share.

Objectives of the Study

1. To know the perception of the consumers toward private brands.
2. To assess the consumers' perception of the store identity on the purchase decision of private brands.

Hypotheses for the Study

1. Private brands offer better quality on par with the national brands.
2. Private brands provide greater value for money.
3. Attractive packaging is the key characteristic of private brands.
4. Good taste is the characteristic of private brands.
5. Private brands are affordable by consumers.
6. Retailers have the similar consumers' perception of store identity.
7. Store identity has a direct effect on private brands.

III. RESEARCH METHODOLOGY

The survey was conducted among those consumers who are aware of private brands to understand their perception towards the private brands. 400 respondents were selected randomly at several shopping malls and retail outlets. Information on consumer perception related variables such as value for money, price, quality; packaging, taste and store image using Likert's type statements was collected. Grocery products were considered as they formed the typical shopping baskets of consumers. Statistical tools such as Chi-square and ANOVA were used to analyze the data.

Data analysis

a. Awareness of Private Brands

Around 320 respondents out of 400 were having awareness of the private brands offered by the stores. Majority of the respondents were aware of the private brands, only 20% respondents considered the brands belong to the current national brand manufacturers.

B. Quality perception

H 1: Private brands offer better quality on par with the national brands.

Consumers prefer brands which offer quality while making purchase decision. Consumers' perceive national brands as better quality because of familiarity of the brand name and usage rate, where as the same are not true for private brands. So consumers analyze the quality of private brands by associating them with the store carrying them.

Table 1: Perception of Quality

Brands	Good	Average	Poor	Total
National Brands	48	61	19	128
Store Brands	106	55	31	192
Total	154	116	50	320

Source: Field Survey

Table 2: Chi-Square Tests

	Value	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	12.744	2	.002
Likelihood Ratio	12.724	2	.002
Linear-by-Linear Association	3.874	1	.049
No of valid cases	320		

The above table specifies that there is a relationship between choices of a brand and quality of the product. Majority of the respondents perceive private brands provide good quality like other national brands.

C. Value for Money

H 2: Private brands provide greater value for money.

Consumers give more importance to the value for the money rather than the type of the brand. These consumers analyze the value they get from the products they purchase.

Table 3: Value for Money

Brands	Yes	No	Total
National Brands	52	36	88
Store Brands	168	64	232
Total	220	100	320

Source: Field Survey

Table 4: Chi-Square Tests

	Value	df	Asymp.Sig.(2-sided)	Exact Sig.(2-sided)	Exact Sig.(1-sided)
Pearson Chi-Square	5.271	1	.022		
Continuity Correction	4.669	1	.031		

Likelihood Ratio	5.130	1	.024		
Fisher's Exact Test				.030	.016
Linear-by-Linear Association	5.255	1	.022		
No of Valid Cases	320				

It can be interpreted that there is an association between value for money and the brand choice. The perception of the consumers is that private brands also offer higher value for money par with the national brands. It is found that 76% of the respondents revealed that private brands provide value for money in the grocery category.

D. Packaging

H 3: Attractive packaging is the key characteristic of private brands.

Attractive Packaging is the one of the key factor in the consumers' consideration in selecting a brand. Packaging has become one the important marketing tool. Companies are bringing innovative, convenient, better aesthetic appeal packs to motive consumers toward their brands.

Table 5: Packaging

Brands	Attractive	average	poor	Total
National Brands	121	36	22	179
Store Brands	34	55	52	141
Total	155	91	74	320

Source: Field Survey

Table 6: Chi-Square Tests

	Value	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	61.314	2	.000
Likelihood Ratio	63.780	2	.000
Linear-by-Linear Association	55.920	1	.000
No. of Valid Cases	320		

The above table reveals that national brands provide better attractive packaging than private brands. Only 22% respondents opined that private brands do have attractive packaging. More money is being pumped by the national manufacturers to maintain their image, quality and for secure distribution.

E. Taste

H 4: Good taste is the characteristic of private brands

Taste is other important variable which consumers contemplate in analyzing food and grocery items.

Table 7: Taste

Brands	Good	Average	Poor	Total
National Brands	33	57	57	147
Store Brands	112	42	19	173

Total	145	99	76	320
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Source: Field Survey

Table 8: Chi-Square Tests

	Value	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	62.615	2	.000
Likelihood Ratio	65.523	2	.000
Linear-by-Linear Association	60.411	1	.000
No. of Valid Cases-	320		

The above table discloses that 77.24% respondents opined that private brands offer good taste. The better taste always stimulates consumers for repeat purchase of the brands. From the above analyses it is clear that there is a close association between taste and brand choice. Blind taste test conducted by Kristof De Wulf etal(2005) found that consumers opine private brands to be tasty compared to national brands.

F. Price

H 5: Private brands are affordable by consumers.

Indian consumers are price sensitive. Price can affect greatly consumer's choice of the products/ brands. But there is a relationship between price and quality of the product consumers compare the price of all available brands in that category to arrive at a decision.

From the below table it can be assumed that private brands are fairly cheaper than national brands as they have an advantage of less number of middlemen.

Table 9: Price

Brands	High	Average	Low	Total
National Brands	98	52	13	162
Store Brands	46	36	75	158
Total	144	88	88	320

Source: Field Survey

Table 10: Chi-Square Tests

	Value	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	65.279	2	.000
Likelihood Ratio	70.316	2	.000
Linear-by-Linear Association	57.256	1	.000
No. of Valid Cases	320		

G. Store perception

H 6: Retailers have the similar Consumers' perception of store identity.



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The image of a store is directly associated with the store brand. Branding strategy of the retailers differ across the different formats. The perception of consumers is not same for all the retail stores and the same holds true for private brands offered by the retailers.

Table 11: Perception of Store

Perception	Store A	Store B	Store C	Store D	Total
Good	28	39	35	17	119
Average	22	46	32	18	105
Poor	18	35	25	23	96
Total	68	120	92	58	320

Source: Field Survey

Table 12: ANOVA

	Sum of Squares	df	Mean	F	Sig.
Between the Groups	5.095	3	1.698	3.181	0.25
Within the Groups	104.660	2	.534		
Total	109.755				

It is found from the table that perception of consumers varies across the retail stores. The brand building, promotional strategies, positioning strategies are the significant factors in the formation of the positive perception in the minds of the consumers.

h. Store identity

H 7: Store identity has a direct effect on private brands.

Store identity has direct influence on the consumers' perception of the private brand. Identity of the store leads to strategize the marketing mix variables of the store. Consumers gauge the brands based on the extrinsic cues of the store; hence the perception is based on the identity they carry about that particular store.

From the below mentioned analysis it can be concluded that the store identity perception leads to private brands perception. Consumers purchase products from the store with better identity. Henceforth, private brands sold at the stores are perceived as good by the consumers. It may be in terms of quality, price, performance, service, value etc., so it becomes so important for the retailers to create positive store image in the consumers mind.

Table 13: Store Identity

Perception of Private Brands	High	Medium	Low	Total
Good	135	68	9	212
Average	34	22	6	62
Poor	8	12	26	46
Total	177	102	41	320

Table 14: Chi-square tests

	Value	df	Asymp.Sig(2-sided)
Pearson Chi-square	96.596	4	.000
Likelihood Ratio	73.625	4	.000
Linear-by-Linear Association	62.498	1	.000
No. of Valid cases	320		

IV. DISCUSSION AND CONCLUSION

Consumers perceive private brands as quality products. The retailers must focus on maintaining quality standards in order to give a tough challenge to the national brands. Consumers analyze brands on the quality aspect while making purchase decision. The perception of the consumers is that private brands also offer higher value for money par with the national brands especially in case of grocery items. As grocery items consists majority portion of the purchase items, the retailers must divert their attention in order to stand par with national brands with respect to value for money. Since, Packaging is one of the important marketing tool, the packaging must be given priority to be more appealing par with the national brands which have appealing packaging than private brands. 77.24% respondents opined that store brands offer good taste. The better taste always motivates consumers for the repeat purchase of brands. As majority of the consumers are price sensitive, hence retail organizations must offer their private brands at low cost than national brands in order attract more customer traffic to their stores. Perception of consumers varies across stores. The perception of consumers toward private brands is excellent. It may be in terms of quality, price, performance, service, value etc., so it becomes all the more important for retailers to create positive store image.

The retailers must craft most appropriate marketing strategies to change the perception of consumers. In order to sustain in the hyper competition the retailers must adopt low cost strategies to win the hearts of the consumers. Consumers' perception will be highly positive when they buy products from a store with a great ambience. Retailers should focus heavily on brand building exercise as the consumers are more brand loyal. Private brands should be positioned on par with national brands to face competition from the national brands.

Limitations

This study is confined to only to measure the consumers' perception toward awareness levels, quality of the product, value for money, packaging, taste, price and store's perception.. The respondents also had a limited choice, since, this study is confined to only few aspects. So, the respondents' opinion may be varied with respect to his/ her preferences.

Future Scope

The research can be explored to measure the consumers' perception of national brands in different categories. In the same way, the study also can be extended to study of the consumers' perception towards durable products. Similar studies can also be executed in other product categories.

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AUTHORS PROFILE



Dr.Dwarakanath Siriguppi, MBA, Ph.D

He is a Doctorate in Management from Osmania University, Hyderabad. He has an overall 17 years of experience in teaching and seven years of industry experience. He takes interest in Research and has published in national journals and presented papers at national and international conferences.

Areas of interest in research are Retailing, Consumer behavior, Branding etc.

The publications include the following articles.

- Bose Sunny, Pradhan Sudeepta, S Dwarakanath and Alreddy Santosh K. (2019). Customer-based place brand equity and investments: study of West Bengal, *Place Branding and Public Diplomacy*, 15(2), 67-

77.ABDC-B Scopus.

- Paytm's Foray into Payments Bank (ICMR Case Centre)



Dr. Santosh Kumar, Alreddy has obtained Ph.D. from Central University of Karnataka in Management. He has presented research papers in national and international conferences. His areas of research interest includes retailing, consumer behavior and brand management.

The publications include the following articles.

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