

# Antecedents of Private Label Attitude and Preference over National Brands

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*Abstract-Retail is one of the most dynamic and fast paced sectors in India. The Growth of the organized retail sector has led to the growth of the Private label brands in India. Private labels offer advantages to both the consumers and retailers. Retailers make huge margin of profit on private labels in comparison to National brand. Various factors are responsible for framing an attitude towards both the private labels and the National brands. Present study sets out to study customer's attitude and preference pattern with respect to different attributes such as-Demographics, Social factors, psychological factors. The study will ultimately assist the retailers in developing and implementing effective marketing efforts in respect of their brands.*

*Keywords- Smart purchases, Value consciousness, perceived quality, Private label, Consumer attitude*

## 1. Introduction

Private labels commonly known as the retailer's brand or home brands constitute as a very favorable asset to the retail firms. They help the retailers generate huge sale-margins as they act as preferably a cheap substitute to the manufacturers' brands or National brand and give the manufacturer's brand acute competition. Globally, the concept of private labels is well known and is adopted by retailers for generating large revenues. However, in Indian market; the role of private labels is limited. There are many retailers who have launched their private labels seeing the growth and opportunity that it offers, it comprises of major retailers such as-Reliance retail, future group, shopper's stop, Tata, Aditya Birla retail, Hyper city, Infiniti-retail. All of them offer private labels in their marketing mix.

Private labels are a win-win for both retailers as well as consumers, on account of driving footfall towards retailers and by purchasing competitively-priced products for customers respectively. However, there exist factors such as brand loyalty, customer perception of low-priced goods

being of low quality, desire of owning a superior known brand i.e. Brand consciousness, are factors that affect attitude of customer towards private labels. Attitude of customers towards private labels is also affected by the store image. The store image constitutes the atmosphere and dimensions of the store where in the private labels are being offered.

The shop atmosphere and the quality of the store have a positive impact on the recognition of the quality of the PLB, but the link between the national brand and the image of the store (NBSI) negatively affects the quality of the PLB [4].

To fight back the defense mechanism of using private labels by retailers to generate revenue and profit margins, the national brands are using intensive promotions by celebrities. These promotion activities include offering seasonal discounts and coupons to the customers.

There were studies conducted to find out consumers attitude towards store brand and the use of promotion by retailers or national brands, and the study concluded that the usage of store brands by consumers is dependent upon shopper consumer's price related factors, such as- the smart shopper perception and his value consciousness. Whereas promotions inclusion or usage is dependent upon hedonic factors, such as- impulsiveness and shopping gratification or self-pleasure seeking habits [20], [2].

A Study identified [18] variables and states there are basically four variables acting as antecedents in influencing attitude of consumers, the assessment perception, price-quality ratio, self-perception of smart shoppers and brand loyalty. As per [11], value-consciousness concerns around payment of low prices may lead to a substantial quality of products. Value-conscious consumers wish to gain maximum value out of their purchase. Therefore, they may refer to buy store brands if the low price reimburses for the lower seeming compromised quality of the items purchased by them [31]. Similarly, consumers who prefer value may

also show a favorable attitude towards promotions of popular brands because they may lower down the prices without compromising on quality, which ultimately enhances value for the purchaser [10],[20].

Talking about another structural variable i.e. Self-perception, it is a self-esteem paradigm which relates to the purchaser's need to achieve internal reimbursement by getting savings on prices through shopping. A study found [20] the smart shopper self-perception can have a favorable impact on the attitude towards store brands as well as the attitude towards the national brand promotions. He also documented that this construct has a greater effect on the attitude towards national brand promotions because private label brands are consistently sold at low prices. While comparing, national brand and its sales promotions that may not be permanent; therefore determining the advertisements of national brands can provide this type of purchaser with a huge sense of accomplishment than buying private label brands at low prices.

There are Non-price-related antecedents also which influence the attitude of consumers, the conceptual model developed [20] in his study considered three non-price-related characteristics such as brand loyalty, store loyalty and impulsiveness.

Depending on the property, two types of marks are distinct. The manufacturer's trademark (also a brand, a national trademark), owned and coordinated by a private manufacturer and label (including the distributor's own label, its own label) owned and coordinated by a retailer or purchasing group, and products from a subcontractor. Today, the presence of private brands is growing rapidly and, on the one hand, they are becoming one of the main factors of the developed retail market and, on the other hand, they are considered a significant threat to the brands of producers, and profitability of producers [5].

Thus, Private labels are growing in size on account of huge bargaining power being offered to retailers and Favorable attitude being formed in the minds of the consumers. The retailers need to understand the variables that influence the preference pattern and attitude of consumers in relation to national brand and then formulate the desired strategies for generating huge margin of profits.

## 2. Literature Review

Private Label Brand also called store mark, claim mark, retailer mark, discount brand and wholesaler's own particular image, and have drawn consideration with their quickly developing share in the overall industry. Private

Label Brands are products which are possessed and promoted by a specific retailer [35] and sold under the retailers' own name or exchange stamp through retailers claim outlets [5]. For the Private Label Brands the retailer assumes all liability from improvement, sourcing and warehousing to promoting and showcasing [18]. Private label is characterized as the main trademark, which can just be found and sold in a particular chain of store in low value [21]. Private label is generally low in cost and thus turn into an affordable option decision for shoppers [37]. Research demonstrates that buyers have liking for private brand and trusted these are a great incentive for value [24]. Retailer shops manage these brands where they can choose the showcasing exercises, for example, promoting, bundling and discount cost and speculations of stock. Retailers frequently endeavor to present private labels with a lower cost and the superiority is practically as good as their counter parts in national brands. As indicated by [22],[21], the economic recession affects private label share and value conscious customers. It is on the grounds that their disposable income declines and they presumably turn out to be more price conscious and swing to purchase private label brands in light of the fact that the greater part of private label brands offer a lower cost.

The private label maker association finds that, distinction of cost between these private label and national brands is typically twenty percent [31]. Price conscious customers will probably create an optimistic attitude and will have high purchase intentions toward retailers' brands [11]. A study conducted states; cost of private brands in Thailand is averagely 30 percent lower than the cost of national brands. A study [8] uncovered that the attention to quality is essential to the acknowledgment of private brands. It implies, if all available products in same classification give comparable qualities, the private name brands utilization level will increase. Quality is more imperative than price as far as private brands are concerned [21],[34],[2].

Private Label Brands will keep on growing as retailer turns out to be more advanced advertisers and keep on expanding to new markets [6]. Private Label Brands offers advantage to the buyers by giving an aggressive contrasting option to national brands particularly in view of the lower costs inferable from their lower producing cost, cheap packaging, negligible promoting and lower overhead costs [16],[17]. Furthermore, Private Label Brands expedite expanded product assortments and heightened price promotional exercises [36] for customers. Private Label Brands likewise give some vital preferences to retailers. They empower retailer to expand purchaser movement i.e. store traffic and store loyalty [17], to improve retailer edge in terms of

margins, and leveraging with national brand makers [2]. In addition, Private Label Brands give chance to separate from focused foundation [35], more prominent adaptability at setting up costs and promotions [30].

Private Label Brands enable retailers to compete gainfully in the price sensitive portion [14]. Retailer's brands likewise are being considered as a basic matter and remarkable wellspring of rivalry for retail business [32]. Improving a settled Private Label Brand policy can act as an eminent role for sellers since in aggressive rivalry condition it is hard to acquire piece of the pie for them [21]. Understanding shoppers' Private Label Brand inclination and buying goal is at the core of understanding achievement fundamentals for Private Label Brand techniques. Since exemplary investigation of [29] there has been a developing number of retailers' brand's looking into advertising and retailing writing, as anyone might expect following the worldwide rise of retailers' brands. Particularly the pointers of the purchasers Private Label Brand inclination appeared to be increasingly critical research territory for empathetic achievement of retail brands procedures. Consequently, many factors have been explored and identified with Private Label Brand attitudes, Private Label Brand inclination, Private Label Brand purchase aim or Private Label Brand assessment. A lot of writing has been distributed on factors identified with Private Label Brand inclination. Financial and identity qualities [19],[29],[13],[9],[33],[6], shopping introductions, for example, price consciousness and impulsiveness [27],[2],[5], perceived risk [33],[28],[8],[26]; quality/esteem perceptions [7], store related factors, for example, store picture [26],[7], are indicators that are all the more as often as possibly researched. Store Brand Quality and risk perception are likewise considered as vital predecessors of procurement expectations of consumers [26].

[1] Studied that professed quality plays an important aspect of brand evenhandedness and described it as an imperceptible feeling regarding a brand that, though, brands are usually based on underlying magnitudes comprises of various features of products such as performance and reliability. Perceived quality is a very critical aspect for retailers' brands [35] has a great influence on the retailers' purchase intention [7],[17]; at times more than perceived value of retailers' brand [33].

Shoppers' purchase decision is a multifaceted process. Their intention for buying any product is related with their purchase behavior, discernment and their insolence. Buying decision is a significant point for consumers while seeing and assessing of various articles [23]. A study [38] found that the purchase behavioral intent is an instrument which is

generally used in forecasting the buying process for the products. Once the consumers' plans to buy a particular article from certain retail store, they will voluntarily be guided by their intent. Besides this, purchase intention of consumers might also be affected by the influence of price, quality perception and value perception. In accumulation to above stated factors, consumers choice will also be influenced by inner impulse and their external surroundings during the buying process. Shoppers purchase behavior is triggered by the physiological stimulus that stimulates their response and will bring them to the retail store to accomplish their shopping needs.

Ambiguity happens due to the packing of the articles. Consumers are creepy by the thoughts that purchasing a unknown, simple packaged and low priced, articles are exceedingly perilous because the quality of those products lack assurance and may be suspicious [12]. This being primary intention that most consumers' observe retail brand article as highly perilous articles. Majority of the shoppers are not aware with the retail brands [15] and also lack about the knowledge of quality, so they are atrocious of making a wrong choices [8]. Shoppers' generally wishes to maximize their utility of their purchased articles, by circumventing any mistake. Based on this, the national brands are higher in price are usually perceived to be high in quality with a low risk and hence, shoppers use brand and price to define the quality for their purchased articles. Consumers' purchase understanding involves their external and internal memory and plays a vital role in their purchase behavior [9].

Inward reminiscence originates from the genuine encounter customers share with the article or administration while external memory is started from data identified with the products. The experience of previous purchase will stay in shoppers' insolence. Shoppers will promptly begin assessing on the things they obtained and the after effect of the acquiring background towards the articles will be reserved in their memory for quite some time [23].

### 3. Objectives of the study

- To study the consumers preference of retail brands in comparison to national brands.
- To study the impact of demographic variables on purchase of private label brands.
- To study the impact of reference groups in affecting the attitude of consumers towards private label brands.

## 4. Methodology

Primary data was collected from 150 respondents for a descriptive research through non probability convenience sampling in the National Capital Region of Delhi. The method of survey used was a structured questionnaire. Secondary data was collected from several research papers, journals, reports, white papers and cases previously published on the topic. The data so collected was recorded in SPSS and analyzed using correlations and descriptive techniques.

## 5. Data Analysis

To study the consumers overall preference of retail brands in comparison to national brands the descriptive statistics analysis was done over different attributes of Private label brand over National Brand. The output reveals below table

**Table 1.** Descriptive Statistics

PLB Over NB Attributes	[Excellent quality]	[Value for money]	[Not risky to buy]	[Excellent Packaging]	[Good image]
N Valid	150	150	150	150	150
Missing	0	0	0	0	0
Mean	3.42	3.17	3.27	3.20	3.53
Median	4.00	3.00	3.00	3.00	4.00
Mode	4	3	3	3	4
Std. Deviation	1.206	1.045	1.145	1.147	1.157
Sum	513	475	490	480	530

From the table it is found that Good image of PLB is the key factor followed by Excellent Quality, Excellent packaging, not risk to buy and finally value for money.

### 5.1 Correlation Tests

#### Test 1.

Ho: There is no relation between gender and feelings of pride in smart-purchases

**Table 2.** Correlations

		What Is your Gender	I feel proud in making smart-purchases.
What Is your Gender	Pearson Correlation	1	-.163*
	Sig. (2-tailed)		.046
	N	150	150
I feel proud in making smart-purchases.	Pearson Correlation	-.163*	1
	Sig. (2-tailed)	.046	
	N	150	150

\*. Correlation is significant at the 0.05 level (2-tailed).

As per the correlations test, the p-value ( $0.046 < 0.05$ ), therefore we reject the null hypothesis that there is no relation among gender and feelings of pride in smart-purchases, and therefore we accept alternate hypothesis that there is significant relation between gender and feelings of pride in smart-purchases.

Also, there is a negative relation between the two variables, which means that when the number increase from 1 (assigned to females) the opinion that feelings of pride and happiness is high in case of females and in case of males (assigned value 2), it depicts their indifference towards such smart shopper conclusions.

### 5.2 Test 2

Ho: No relation between age groups and influence of reference groups in purchase of private levels.

**Table 3.** Correlations

		In which age group do you fall?	If my friend suggests that a particular private label he/she purchased is value for money in terms of all attributes,I will also shop for it.(Even if I am Brand conscious)
In which age group do you fall?	Pearson Correlation	1	.061
	Sig. (2-tailed)		.461
	N	150	150
If my friend suggests that a particular private label he/she purchased is value for money in terms of all attributes,I will also shop for it.(Even if I am Brand conscious)	Pearson Correlation	.061	1
	Sig. (2-tailed)	.461	
	N	150	150

As per the test, the p value is more than 0.05 ,thus we fail to accept the alternate hypothesis of a significant relation between the two variables of age group and reference groups influence, and we accept the Null hypothesis.

### 5.3 Test 3

Ho: No relation between gender and preference of having a variety of clothes (PLB) instead of few branded ones.

**Table 4.** Correlations

		What Is your Gender	What Is your Gender	I prefer having a variety and need new clothes on every occasion and Private label will suffice for it.
What Is your Gender	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	150		
I prefer having a variety and need new clothes on every occasion and Private label will suffice for it.	Pearson Correlation	-.183*		1
	Sig. (2-tailed)	.025		
	N	150		150

\*. Correlation is significant at the 0.05 level (2-tailed).

As per the correlation test,the p-value ( $0.025 < .05$ ) ,so we accept the alternate hypothesis that there is a significant relation between gender and their preferences of having a variety of clothes that would be sufficed by private label brands purchase.

### 5.4 Test 4

Ho: No relation between gender and their belief that national brands are expensive on account of advertising costs

**Table 5.** Correlations

			National brands are comparatively expensive than Private labels on account of the advertising costs incurred by producers else the quality is almost same.
What Is your Gender	Pearson Correlation	1	-.234**
	Sig. (2-tailed)		.004
	N	150	150
National brands are comparatively expensive than Private labels on account of the advertising costs incurred by producers else the quality is almost same.	Pearson Correlation	-.234**	1
	Sig. (2-tailed)	.004	
	N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Also, there is a negative relation between the two variables of gender, which says that females (who have been assigned value as 1) prefer having a variety of clothes on every occasion and feel private labels would suffice for it, more than males.

As per the test, the p-value ( $0.004 < 0.05$ ) hence we fail to reject null hypothesis that there is a significant relation between gender and their belief of National brands being expensive on account of advertising costs.

Also, there is a negative relation between the two variables, which means when the number increase from 1 (assigned to females) to 2 (assigned to males), the belief stated above becomes stronger. ie. Females strongly believe the above hypothesis's relation in comparison to males.

## 6. Conclusion

While making smart purchase shoppers 'feelings and attitude along with their demographics plays a significant role. As far as demographics are concern gender plays a vital role, female shoppers are more considerate for the fact of smart purchase as compared to their male counterparts. The shoppers' perception for smart purchase holds true, when they are convinced that, they have locked in a profitable deal, while shopping. And this profitability may be viewed through various parameters, such as value for money, the perceived quality of purchased product is better than the actual product. Thus it is recommended that Private label owner can work on this facet of smart purchase parameters to gain popularity similar to National brands. Gender wise preferences for variety for apparels are also need to be taken care, and private label apparels would be sufficed that need. As per the study female shoppers inclined more towards private label brands may be because of quality and price association. Thus, retailers can target more of females and consider on production of female apparels to popularize and increase sales of their private label brand. There is a significant relation between gender and their belief that holds that National brands are expensive on account of advertising costs, else more or less Private labels and national brands are same. Thus, we see can also say that Private label brands hold a positive attitude in terms of quality it offer among the consumers' minds. The store image definitely influences the purchasing pattern of consumers, and store image becomes motivational factor in case of private labels purchase. The Retailers need to understand this aspect and besides concentrating on quality of the product being offered they should also concentrate on improving their store image. Consumers do not prefer purchasing private label brands online, the reasons could be –they are uncertain and doubtful of quality of product being offered as a Private Label, apart from quality, size issue may arise in apparels. Since no universally accepted size chart is being offered by various retailers. The National brands offer same size patterns globally. In addition, because a national brand is an established brand people blindly trust the quality. Thus attitude of people is a bit negative towards Private label brands being purchased through online.

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