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THE CONSUMER PERCEPTION AND RATING OF PRIVATE LABEL IN THE ORGANIZED RETAIL CHAINS IN KERALA.

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Abstract

The time has come where store brands are shaping the future of modern trade outlets in India. The private label brand was introduced as an alternative to national brands. Initially it was positioned as low price and low quality, the own brands have moved a long way in establishing its identity. The store brands are in par with the national brands at least in selected chains and outlets in India in terms of quality and price. The private labels have established lion market share in many parts of the developed world. The present research carried out at the selected retail a chain in Kerala such as More, Spencer and Reliance Fresh analyses the consumer perception and rating of the private labels.

Introduction

The retail sector in India is witnessing unmatched roar even at the time of economic retard. The sector is highly scrappy and consist mainly small, independent and owner-managed shops. The Indian retail industry is one of the fastest budding industries in India, especially over the last few years. It contributes 10 to 11 % of the GDP and 8 % of employment. The total retail outlet in India is estimated to be 12.The Commercial real estate services company, CB Richard Ellis ‘findings state that, India's retail market is currently valued at US$ 511 billion (Bang, 2009).According to the Investment commission of India, India is expected to be among the top 5 retail markets in the world in 10 years. The India's overall retail sector is expected to rise to US$ 833 billion by 2013 and to US $ 1.3 trillion by 2018, at a compound annual growth rate of 10 per cent. As an emerging market with high growth rates, consumer spending has risen sharply as the youth population (more than 33 percent of the country is below the age of 15) has seen a significant increase in its disposable income. The organised retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent from US$ 20 billion in 2007 to US$ 107 billion by 2013.According to a new study by global management consulting firm AT Kearney points out that, in India, apparel, along with food and grocery, will lead organised retailing in India. The India has one of the largest numbers of retail outlets in the world. A report by Images Retail ,the number of operational malls to grow more than twofold, further 715 malls to be added by 2015, with major retail developments even in tier-II and tier-III cities in India. Also, according to new market research report by RNCOS titled, "Booming Retail Sector in India", specifies that the number of shopping malls is expected to increase at a

CAGR of more than 18.9 per cent from 2007 to 2015. According to industry experts, the next stage of growth is expected to come from rural markets, with rural India accounting for almost half of the domestic retail market, valued over US$ 300 billion. The private label, the brain child of the new age MTOs is fast changing the face of retail scenario in all parts of the world.

Private Label

A private label is characterized by being a product produced, improved, processed, packed or distributed exclusively by the organization that has the brand control (AC Nielsen, 2002).It can carry the company's name or use other brands not associated to the company's name. Still due to these characteristics and their appeals, the market for private label has grown in the last few years. (AC Nielsen, 2004).

Reasons for the Growth Private Label around the world

According to Carmen Abril, professor of IE Business School, Spain the reasons driving the private label growth are a) An increased concentration among retailers b) An improved quality perception among consumers c) The rising social acceptance of private labels consumption d) The current economic downturn has further boosted the appeal of private labels because of their price utility and e) The private label helps the retailer for convenient pricing for consumers.

Private Label India and abroad

The early growth of private label brands in India has been limited to certain categories like grocery and apparel; it is gradually expanding into other categories as well. Initially the private label brands being developed as a low-priced strategy to compete with national brands. But the situation has been now been changed and now it is in a position to compete with national brands. The store brand grocery items enjoy enormous fame in Europe. In the UK, for example, the volume market share of store brand packaged goods exceeds 35 percent of total sales. In France the giant chain Carrefour has become the industry leader through the strength of its products line of private label brands. In several European countries, store brands have even more prominent market shares, 18-23 percent in France. The steady raise in the tendency toward private labels by retailers makes this subject a centre of interest, particularly in recent years in Turkey. The Switzerland, where 97% of categories had private label entries and Countries such as Germany, Belgium, the UK, and Spain have already surpassed 30%. The organized players in India such as Spencer, Reliance Fresh, Big-Bazar and More area all promoting the private label brands.

Review of Literature

Lakshnmi Nair, (2011) finds that the national brands are still preferred by consumers over private labels. On the quality front the Indians are still somewhat sceptical about the quality of private label brands and may be because of this reason the penetration of private labels in grocery sector is poor. But when compared to the introductory stage the level of acceptance of private label is high at present. The important factors influencing the purchase of private label brands are perceived quality, accessibility of the product, price charged, and trust in brand, freshness, packaging, availability of alternatives, sales promotion and advertising. The packaging front that perceptions of private labels are most often negative. The two thirds of respondents felt that packaging was unattractive and only one third responded positively with regard to this product characteristic. Moreover, it would appear that the majority of private label packages do not visually display the actual product contents. This may prove detrimental to product sales by failing to encourage conversion from the mass market. It would therefore seem that attractive packaging is essential to persuade the target market that the core content is of similar quality to other manufacturer brands in that product category. On the Preference of PLBs in various categories, It was found that Cereals, Pulses and spices topped the list of most preferred PLB whereas packaged food was given the second and fruits & vegetables, milk & Milk products, Meat, fish & Poultry and Beverages followed respectively. The factors Influence the purchase of groceries in a supermarket is influenced by a number of factors such as family, friends, sales personnel, in-store, store atmosphere, past experience and advertising. The study also reveals that television, newspapers and pamphlets were the most effective means of communicating the benefits of PLBs to grocery shoppers. **Oriah Akir and Md. Nor Othman, (2010)** indicate that the majority of the consumers who support the departmental stores, supermarkets, malls and hypermarkets were young executives. The consumers were consistently brand conscious and preferred to buy established brands especially for expensive products. The forces that motivate consumers‟ intention to repurchase were driven by established brand names, quality, product information and informational influence from significant others such as friends, spouses, and family members, particularly for high involvement products. For low involvement products consumer repurchase intention were mainly driven by the quality and the price of the products, besides conforming to spouses‟ choices. The consumers tend to purchase high involvement products mostly during sales promotion and their purchase decision was partly influenced by advertisements in magazines, catalogues and brochures. The research supported the idea that consumer behavioural theories may be applicable globally but consumers‟ tastes, preferences and purchase decisions could be regionally or locally oriented and further influenced by their cultural background and norms. whether the products that the consumers purchase are low involvement products or high involvement products, prior concerns of the businesses and managers or marketers are: consumers involvement in the purchase process, the importance that they place on certain product attributes and how significantly others influence their decision making process prior to the purchase, after the purchase is completed and the post-purchase behaviour. **Justin Beneke, (2010)** feels that the quality of private label has increased since introduction and the consumers were confirming that, they have purchased these brands earlier and huge potential is there for private label. The high quality and high prices aren’t strongly associated. It is due to the nature of private label brands which offer favourable quality to consumers and, due to being more competitively priced than mainstream manufacturer brands, offer superior value for money. The clustering of high quality, low quality and low price may be attributed to variability in the market whereby some private label brands offer much better value than others. The consumers used to visit a retail store where their brands of preference were readily available and well stocked. In terms of gender, a marginally greater degree of brand loyalty was observed in females. The decrease in loyalty was evident as monthly income increased. The highest earners were also the least loyal to manufacturer brands. The private label packaging, the product details were not displayed and it will weaken the brand image and ultimately the sales. More over in-store promotion, advertising, packaging, apportioning shelf space and demographic variables have an impact on the purchasing decisions of consumers with regard to private labels. **Krishna Mohan Sharma, D.K Dubey and B.D Pandey, (2011)** views that the income of consumers and visit to a modern retail is closely related, there is a strong relationship between locality and awareness, the urban shoppers are much aware of private label in comparison to rural shoppers, the criteria for selection of private label are store image, price and other factors. But among this store image is vital component of selection of private label, the packaging of private label is poor in the eyes of shoppers, there is a big gap between the quality of private label and national brand. **Janjaap Semeijn Allard C.R. van Riel, A. Beatriz Ambrosini, (2004)** analyses the store image perceptions across chains are a consequence of diversity in retail strategy, store design and commitment to serving customers' needs. The three store image factors that were taken into account were layout, merchandise and service. The study finds that that the less likely the consumer perceives a certain retailer to be able to produce a specific product, the more likely it is that the consumer develops a negative attitude towards such a product carrying that retailer's store brand. So it is clear that all retailers were able to neutralize some of the functional risk with their store image, albeit to different degrees. The store image has little influence on perceived functional risk. The research established that public usage of a product reduces the chance that consumers will buy a store brand, due to the lack of quality. **Katherine B. Hartman and Rosann L. Spiro, (2005)** analyse the impact of store image; customer-based store equity; differential effect; brand knowledge and Customer response towards consumer perception. For building positive store equity two components are store identities and the associations with the store. Building customer-based store equity also involves creating store knowledge with favourable, unique, and strong associations to the store name. **Enrique Manzur, Sergio Olavarrieta, Pedro Hidalgo, Pablo Farías and Rodrigo Uribe, (2011)** analyses whether or not store brands and national brand promotions attract the same section of customers. The similarities and differences in the causes of attitudes toward store brands and national brand promotions. The producer's of national brands should spotlight their strategies on obtaining consumer loyalty since loyal consumers showed a weaker attitude toward store brands over and above toward promotions of other national brands, which lower the risk of competition from whichever strategy. The impulsivity does not control either attitude. Apart from that the value consciousness has positive influences on both attitudes; the value consciousness has a stronger impact on attitudes towards national brand promotions in comparison with attitudes towards store brands. The strong outcome of buyers attitude toward store brands and national brand promotions we can see that consumers with a higher smart shopper self-perception tend to like national brand promotions more than store brands. **Rajesh Rajaguru and Margaret JekanyikaMatanda, (2011)** finds that functional attributes and perceived shopping value influences consumer satisfaction and loyalty. The functional attributes are tangibles that influence the consumers purchase motivation and decision making. The consumers' decision making process depends on the product attributes; quality, price, variety, assortment and value of the products. The utilitarian shopping value reflects the task-related value of a shopping experience and hedonic shopping value reflects the multisensory, fantasy and emotional value received from the shopping experience. The functional attributes facilitate the shoppers' motive of hedonic and utilitarian value. While international players are planning a foray into India's retail sector in single brand and multi brand, the Indian retailing sector should pay substantial attention to functional attributes, consumer motives and shopping value. The consumers' expectations on product quality, assortment and service quality positively influences the perceived shopping value at supermarket background and negatively influences at traditional retail format context in terms of product quality and service quality. **Hans S. Solgaard and Torben Hansen, (2003)** points out that price level, collection and location emerge to be the important force for consumers 'choice between store formats. The quality and service do not differentiate between formats. The prominent fact for this could be the majority of stores that constitutes the choice set belongs to one of only two supermarket groups, and that there is a reasonably large common set of standardized products and brands between store chains across store formats. When hyper market is situated far away and in the door step the conventional supermarket and discount store are available the shoppers may prefer the later considering the cost of conveyance and travelling time. **Richard Volpe, (2011)** finds that there is no evidence that increased PL sales, relative to NB sales, increases store performance. **Choi and Coughlan, (2006)** one of the ways optional to improve quality perceptions of private label brands was through use of feature differentiation. Feature differentiation refers to the degree to which products have different forms, sizes, or packaging. **Heiman, (2001) and Baltas, (1997)** free-samples is seen to symbolize a relatively low cost means of enhancing perceived quality and store brand equity, converting consumers to store brands and increasing goodwill. The influence of familiarity on choice stresses the importance of marketing activities such as trial packs, free samples etc, so that customers get to know better the store brands.**Kirmani, (1990) Kirmani and Wright, (1989)**the third alternative available to retailers is to increase advertising budgets. This is in line with evidence that consumer's perception of quality is directly affected by consumer's perception of a brand's advertising expenditure.

Primary Objective.

The primary objective of the present research is to analyse the consumer perception and how the private label products are being rated after its purchase.

Secondary Objective.

- To find out the rating of private label products based on marital status in FMCG and Grocery.
- The role of number of family members in shaping the consumer perception of private label products.
- The perception of male and female with respect to private labels.
- The role of Occupation in rating of private label products.

Scope and Significance of the study

The study covers the daily stores of major retail chain such as Spencer, Reliance Fresh and More in Kerala. The Private labels in two categories such as FMCG and Grocery come under the purview of the study. At present retail revolution is taking place in Kerala market and a new window of opportunity has opened to retailers. So the present study will be an eye opener for all stakeholders in modern retail outlets, since limited studies only took place with regard to private labels.

Research Methodology

Based on the pilot study, the sample size of the research was framed at 755 from customers. The primary data was collected at the exit gate of modern retail outlets of shoppers during the mornings and evenings in any daily supermarket formats (More, Spencer and Reliance Fresh) where respondents were willing to respond. A structured schedule was used to administer the survey. The schedule and the questionnaire are used to describe the form on which the questions are printed. A schedule is one which is handled by the interviewer. It is different from a questionnaire in such a way that questionnaire is one which is expected to be filled in by the informant. The reason for using schedule in the present research is that, it can provide more accuracy and convenient to the respondents. Based on the predefined quotas, the research endeavoured to obtain a sample which was somewhat representative of supermarket shoppers in the state of Kerala.

Data analysis and Analysis Procedure

On conclusion of the survey the 755 customer schedule were fully analysed. A preliminary check was done in the field to identify and remedy any inconsistencies, omissions or obvious mistakes with the schedule completion. Another check was made to alleviate less glaring errors. The data from the schedule was then captured, cleaned, coded and analysed with SPSS.Finally the data was tested for normality and this was confined to be in order. .It was found that in the SPSS, there was less than 0.5 per cent missing value which was replaced with mean values and subsequent to that analysis was conducted. The data was analyzed using statistical package for social science (SPSS V 12.0).Descriptive statistics such as mean and standard deviation were generated to provide an overview of the data. The Chi-square test was used for finding out the association between Marital Status and rating of private label products, association between gender and rating of private label products and association between occupation and rating of private label products. The ANOVA was used for finding significant difference between numbers of family members with respect to consumer perception.

HYPOTHESIS 01

Null Hypothesis: There is no association between Marital Status and Rating of Private labels.

Table 01 Chi-square test for association between Marital Status and Rating of private label products after its purchase.

Marital status	Rate the private label products after its purchase				Total	Chi-square Value	P value
	Poor	Average	Good	Excellent			
Married	58 11.3% 100.0%	142 27.6% 69.3%	268 52.1% 65.7%	46 8.9% 54.8%	514 100.0% 68.1%	35.259	0.000**
Unmarried	0 .0% .0%	63 26.1% 30.7%	140 58.1% 34.3%	38 15.8% 45.2%	241 100.0% 31.9%		
Total	58	205	408	84	755		

Note 1: The value within ( ) refers to row percentage
2: The value within [ ] refers to Column percentage

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is association between marital status and rating of the private label products after its purchase. Based on the row and column percentage married people prefer private label more than the unmarried. Moreover the overall ratings of private label products by married and unmarried customers are above average.

HYPOTHESIS 02

Null Hypothesis: There is no significant difference between number of family members with respect to consumer perception.

Table 02 ANOVA for significant difference between number of family members with respect to consumer perception.

Consumer Perception in FMCG and Grocery	Number of members in the family				F VALUE	P VALUE
	2	3	4	Above 4		
Brand awareness Perceived quality	28.43_b 3.45	27.03_a 3.38	26.88_a 3.72	26.08_a 5.26	4.962	0.002**
Service level Store layout	25.19_b 3.07	21.49_a 4.68	22.24_a 3.60	21.56_a 2.94	16.497	0.000**
Price discounts Shelf display	11.22_b 2.06	10.67_a 1.80	10.42_a 1.76	11.32_b 2.63	7.947	0.000**
Overall Consumer Perception	64.84_b 6.40	59.19_a 7.29	59.55_a 7.01	58.96_a 7.85	11.539	0.000**

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence it is concluded that, there is significant difference between number of family members and their perception with respect to consumer products. Based on Duncan Multiple range test, the perception of consumers with family size of 2 is different than others. This may be due to the fact that when the size of the family is 2, both it is newly married couples or elderly peoples and their perception will be different from the rest of the society.

HYPOTHESIS 03

Null Hypothesis: There is no association between gender and rating of private Label products after its purchase.

Table 03 Chi-square test for association between gender and rating of private label products after its purchase.

Gender	Rate the private label products after its	Total	Chi-	P value

	purchase					square Value	
	Poor	Average	Good	Excellent			
Male	32 (11.1%) [55.2%]	70 (24.3%) [34.1%]	151 (52.4%) [37.0%]	35 (12.2%) [41.7%]	288	9.181	0.027*
Female	26 (5.6%) [44.8%]	135 (28.9%) [65.9%]	257 (55.0%) [63.0%]	49 (10.5%) [58.3%]	467		
Total	58	205	408	84	755		

Note 1: The value within ( ) refers to row percentage
2: The value within [ ] refers to Column percentage

Since P value is less than 0.050, the null hypothesis is rejected at 5 percent level of significance. Hence it is concluded that there is association between gender (male and female) and rating of the private label products after its purchase. Based on the row and column percentage majority of the male and female customers rate the private label product as good .Moreover the female customers are considering private label as a value for money product compared to males.

HYPOTHESIS 04

Null Hypothesis: There is no association between Occupation and rating of Private label products, after its purchase.

Table 04 Chi-square test for association between Occupation and Rating of Private label products.

Occupation	Rate the private label products after its purchase				Total	Chi-square Value	P value
	Poor	Average	Good	Excellent			
Salaried	16 (5.2%) [27.6%]	88 (28.4%) [42.9%]	176 (56.8%) [43.1%]	30 (9.7%) [35.7%]	310 (100.0%) [41.1%]	17.277	0.045*
Business	7 (5.3%) [12.1%]	44 (33.6%) [21.5%]	63 (48.1%) [15.4%]	17 (13.0%) [20.2%]	131 (100.0%) [17.4%]		
Professional	16 (13.3%) [27.6%]	23 (19.2%) [11.2%]	66 (55.0%) [16.2%]	15 (12.5%) [17.9%]	120 (100.0%) [15.9%]		

Others	19 (9.8%) [32.8%]	50 (25.8%) [24.4%]	103 (53.1%) [25.2%]	22 (11.3%) [26.2%]	194 (100.0%) [25.7%]		
Total	58	205	408	84	755		

Note:
1. The value within ( ) refers to row percentage.
2: The value within [ ] refers to Column percentage.

Since P value is less than 0.050, the null hypothesis is rejected at 5 percent level of significance. Hence concluded that there is association between occupation of customers and rating of the private label products after its purchase. Based on the row and column percentage majority customers rate the private label product as good .Moreover salaried professional classes rate the private label products as good rather than other classes.

Major Findings

- There is association between marital status and rating of the private label products. The married people prefer private label more than the unmarried. The overall ratings of private label products by married and unmarried customers are above average.
- There is difference between number of family members and their perception with respect to consumer products. The perception of consumers with family size of 2 is different than others.
- There is association between male and female and rating of the private label products after its purchase. The male and female customers rate the private label product as good .But females customers are considering private label as a value for money product compared to males.
- Finally there is association between occupation of customers and rating of the private label products. The majority of customers rate the private label product as good .The salaried professional classes rate the private label products as good rather than other classes.

Conclusion

The brand awareness perceived quality, service level, store layout, price discounts, shelf display etc; affect the consumer perception of private labels. The marketer while formulating marketing strategies will have to take into consideration these vital aspects. A good perception can lead to potential purchase and re-purchase of store brands.

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