

## Private Label Brands and Consumer Brand Consciousness

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### Abstract

As per the KPMG report 2009, globally private label brands contribute 17 percent of total retail sales with a growth rate of 5 percent annually. International retail giants such as Wal-Mart of USA and Tesco of UK have 40 percent and 55 percent private label brand representation in their stores respectively. In India there is an increasing and positive trend towards private label brands, especially in apparel, consumer durable, homecare and FMCG segment. In India private label brands constitute nearly 10 to 12 percent of total organized retail product mix.

The overall concept of private label brand is in its infancy stage in India and hence so far could not generate any interest of researchers to work on this subject. Moreover there is no study which can correlate the buyer's brand awareness and their inclination towards Private Label brand.

This study has analyzed the correlation between buyer's brand awareness and their inclination towards Private Label brand thus it could help retailers to design marketing strategies in order to increase their sales revenue share through Private Label Brands

### Key words:

Private Label Brands, Brand Awareness, Consumer Behavior, Brand Inclination, Organized Retail, Brand

### Introduction

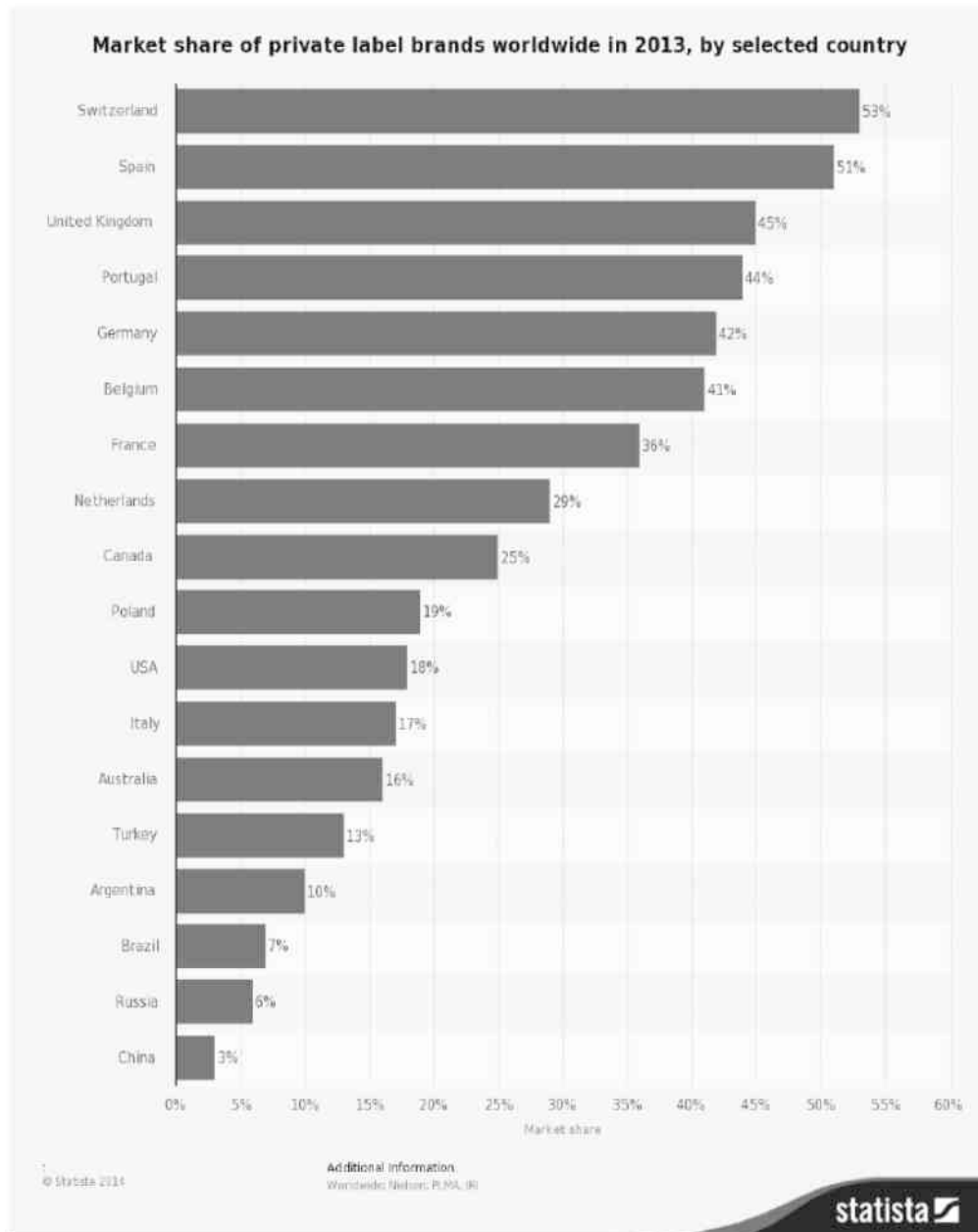
#### BACKGROUND OF RESEARCH

Private label brand is a product which is produced or manufactured by one company for selling under other companies brand. The companies that sell and control these products are retailers. Private label brands are also known as label brands, house brands, store brands or retailer's brand. Private label brands become popular because the price of private label brands is lower than the price of national (manufacturer) brands. Due to the price of the private label brands, the popularity of private label brands has increased in many countries since nineteenth century (Chakraborty, 2011). In addition, there was an economic downturn in many countries during the middle of nineteenth century. Therefore, consumers became more price conscious (Charkraborty, 2011) and paid more attention on private label brand products. Nowadays, private label brands are more popular especially in the United States and European countries. For example, there are

many retailers selling their own brands such as Tesco and Sainsbury's in the United Kingdom. A study by AC Nielsen (2003) reported that, private label brands throughout 36 countries, including both developed and developing countries have a total global market share of 15 percent compared with national (manufacturer) brands. Even though private label brands are fast moving and steadily increase their market share throughout the world.

As per the KPMG report 2009, globally private label brands

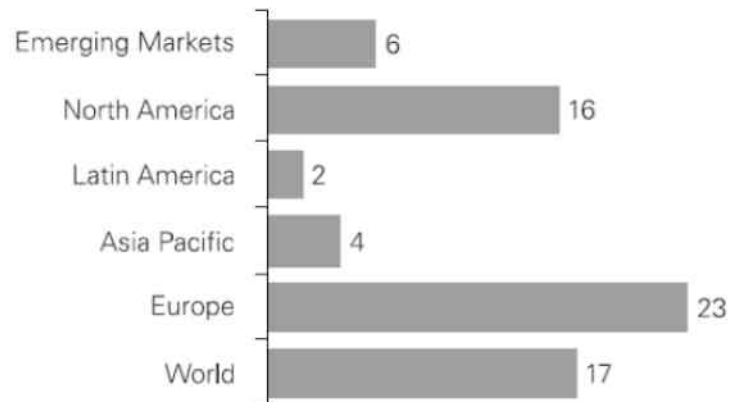
contribute 17 percent of total retail sales with a growth rate of 5 percent annually. International retail giants such as Wal-Mart of USA and Tesco of UK have 40 percent and 55 percent private label brand representation in their stores respectively. In India there is an increasing and positive trend towards private label brands, especially in apparel, consumer durable, homecare and FMCG segment. In India private label brands constitute nearly 10 to 12 percent of total organized retail product mix.



Source: Statista.com

#### Market Share of Private Label Brands Worldwide In 2013, By Selected Countries

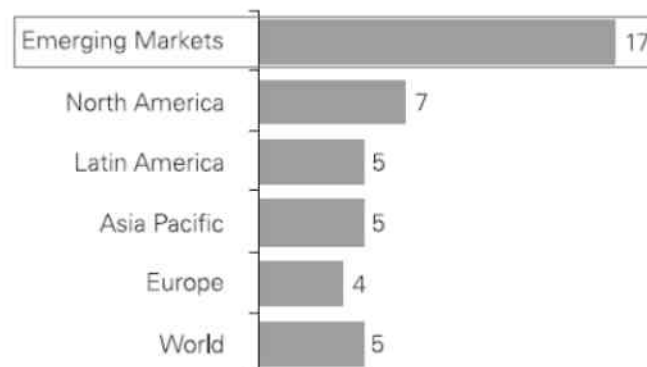
### Private label penetration (%)



Source: Images Retail Report 2009

PRIVATE LABEL PENETRATION, 2009

### Private label sales growth (%)



Source: Images Retail Report 2009

PRIVATE LABEL SALES GROWTH, 2009

#### Problem Statement

Retail grocery in Asian countries has been gradually changing from local owned supermarkets and family owned stores to an international hypermarket format. Western owned hypermarket chains have led a very large area of grocery in Asia such as Malaysia, China, Taiwan, Thailand and India. There are many retailers and hypermarkets in India. These retailers offer their own brands which is called private label brands. However, these private label brands are not gaining much attention among Indian consumers.

The retailers in India have heavily promoted and introduced

private label brands. However, private label brands are not popular among Indian consumers. The difference in culture and consumer behavior might have affected consumers acceptance on private label brands.

It has been presumed that Indian consumers are not very educated about brands and to avoid uncertainty, always prefer to purchase conventional brands.

#### Research Gaps Identify In The Proposed Field Of Investigation.

After evaluating various research works on the related or

partially related topic, it has been realized that:-

The overall concept of private label brand is in its infancy stage in India and hence so far could not generate any interest of researchers to work on this subject. Moreover there is no study which can correlate the buyer's brand awareness and their inclination towards Private Label brand

### **Objectives Of Study**

To study and analyze the correlation between buyer's brand awareness and their inclination towards Private Label brand

### **Hypotheses**

This research will be based on following hypothesis:-

H0: There is no relation between the buyer brand awareness and their outlook towards private label brands.

Ha:-There is a positive relation between the buyer brand awareness and their outlook towards private label brands.

### **Material And Methods**

In the first process, the primary data in this research is collected from the questionnaire survey. According to Ghauri and Gronhaug (2010, p.119), questionnaire is the most popular data collection method in business studies. Therefore, questionnaire is the most appropriate method for collecting primary data in a quantitative manner. The method of convenience sample of relevant population is used by focusing on relevant people who can respond to the questionnaires. Also, Microsoft Excel is also used, which is generally used as statistical software, to process and formulate the collected data from questionnaires. The findings of the questionnaire are explained by tables in the findings part.

### **Data Collection**

#### **Primary Data**

Owing to the time, budget constraints and also the largeness of the target population; it was difficult for the researcher to study the entire population of India. Therefore, in this study, a particular sample of 500 buyers of organized and unorganized retail market from various urban and semi urban cities of Rajasthan, having various age groups was chosen.

#### **Secondary Data**

Following sources were used for secondary data.

- a) Government publications
- b) Business magazine
- c) Websites
- d) Other journals and magazines

### **Methods of Spreading the Questionnaires**

The 741 questionnaires were distributed; the author has

distributed first 200 questionnaires via online spreadsheets by using Google Document, which is a free online survey website. Moreover, the author tried to reach the target samples to respond to it from social networking sites like Facebook by posting the URL on the respondents. The researcher provided instruction of how to do the questionnaire at the beginning of it. The respondents can easily follow the instruction and do the questionnaires. When the respondents finish answering the questionnaires, they can easily press the submit button at the end of page and the results are automatically kept by the website. The results from the questionnaires are summarized into tables by the website and the researcher can directly log in to check and bring out the data to process. The researcher gave another printed version of 200 questionnaires to retailers of various formats and requested them to distribute the printed version of questionnaires to the buyers. The retailer provided questionnaire's instruction and wait until the respondents

finish filling the form. The retailers put data from the questionnaires into Microsoft excel and send back to the researcher via email. However, the researcher gets back only 191 questionnaires back. The 346 questionnaires were regained from Google document website and other 395 questionnaires were regained from the researcher's friends. Almost 34.4% (Total 241) questionnaires did not complete and therefore, the researcher has removed it. The total 500 questionnaires are processed in the analysis part.

### **Questionnaire Design**

All the questions are structured in a logically way and were compulsory because they were essential for the data analysis. The questionnaire used in this study is constructed based on the previous studies. The questionnaire composes of 20 questions. There are close-ended questions and five rating Likert-type scales to analyze five alternative values. This rating scale is generally used to ask people about their opinions and attitudes (Fisher, 2007, p.195) and it can indicate how well the items in a set are measured. The questionnaire is designed in the English language and used the most common translation method. Back translation is applied to translate into Hindi language to avoid language biasness. These questionnaires are divided into two main parts and will be described as following;

#### **Part-1: Measuring the consumer inclination towards private label brands.**

To understand the buyer's inclination towards private label brand researcher has strategically imbibed few Likert scale questions in the questionnaire. These questions determine the respondent's opinion and inclination towards private label brands.

#### **Part-2: Brand Awareness.**

This part of questionnaire is designed to measure the brand

awareness of respondents to correlate between buyers brand's awareness and their outlook towards Private Label Brands. Questions of this part are designed in such a manner so that it could judge the brand awareness of four broad types of goods such as Service, FMCG, Consumer Durable and industrial goods. Part-2 of questionnaire has three sections and each section comprises four questions covering all the above mentioned broad types of products. Section-1 measures the awareness of graphical representation of brand such as logos, where the names of the companies are stripped out with the help of Photoshop Graphical Software and respondent has to identify the company. Section-2 measures awareness about association between band name and category of products. Section-3 measures the awareness about taglines used by companies to promote their brands.

### Finding And Analysis

**Brand Awareness:** Brand awareness is the level of consumer consciousness about a brand. It measures a customer's ability to recognize a brand and to associate it with a certain

company's product or service.

It is a general believe that consumer who possess better brand awareness may evaluate all the merits and demerits of a brand before actually buying it.

In this research researcher is trying to see the association between buyer's brand awareness and their inclination towards private label brands.

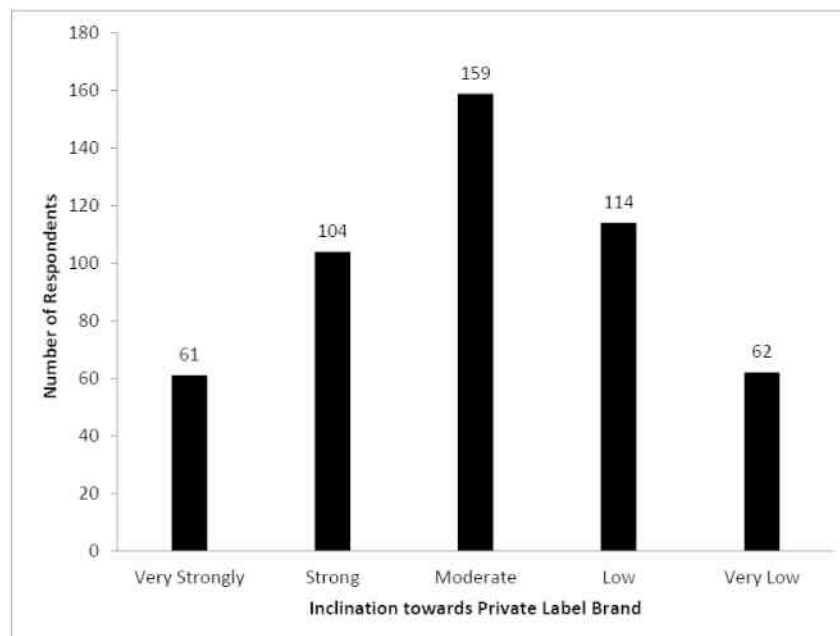
As mentioned, that to understand the buyer's inclination towards private label brand researcher has strategically imbibed few Likert scale questions in the questionnaire. These questions determined the respondent's opinion and inclination towards private label brands.

Based on attained average score of the respondents, researcher has categorized respondents into four categories. Each category is showing the level of buyer's inclination towards private label brands and number of respondent falling into that particular category. Details of the same are given below

**Distribution Of Respondents As Per Their Inclination Towards Private Label Brands**

Inclination towards Private Label Brand	Average Score	Number of respondents
Very Strongly	<4 to 5	61
Strong	<3 to >4	104
Moderate	<2 to >3	159
Low	<1 to >2	114
Very Low	>1 to 1	62

**Graphical Representation Of Respondent's Inclination Towards Private Label Brands**



As mentioned earlier that the Part –II of questionnaire was designed to measure the brand awareness of respondents to correlate between buyers brand's awareness and their

outlook towards Private Label Brands.

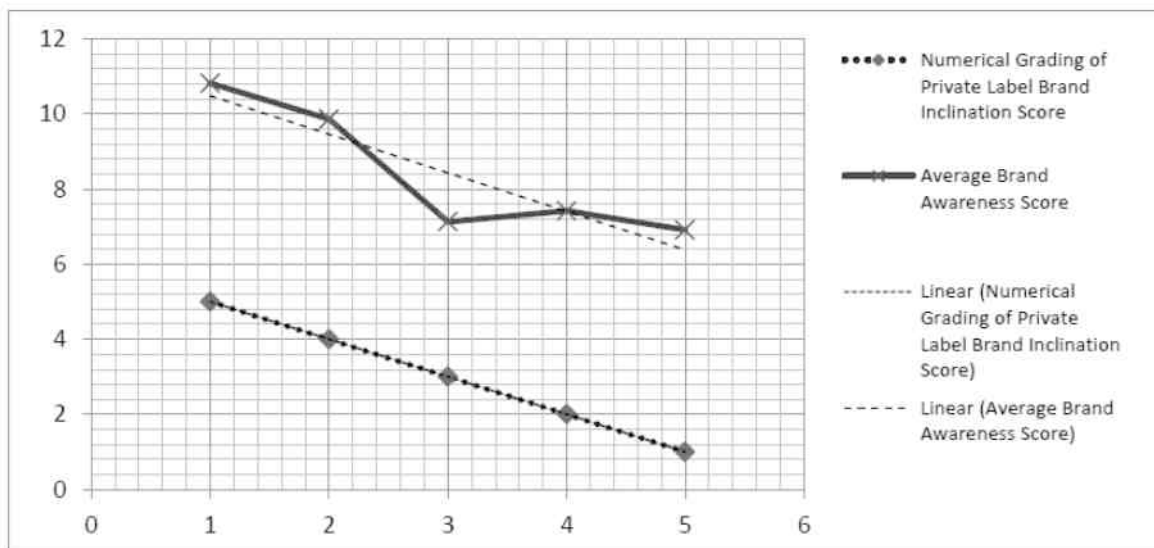
For each right answer respondent was given one mark and no marks for wrong answer.

Inclination towards Private Label Brand	Private Label Brand Inclination Score	Numerical Grading of Private Label Brand Inclination Score (X)	No. of Respondents	Percentage of Respondent	Average Brand Awareness Score (Y)
Very Strongly	<4 to 5	5	61	12%	10.81967213
Strong	<3 to >4	4	104	21%	9.866028708
Moderate	<2 to >3	3	159	32%	7.131736527
Low	<1 to >2	2	114	23%	7.419642857
Very Low	>1 to 1	1	62	12%	6.913793103

**Distribution Of Respondents As Per Their Inclination Towards Private Label Brands  
Vis-à-vis Their Average Brand Awareness Score**

To determine the relation between the buyers brand awareness and their inclination towards private label brands, an average brand awareness score of each category of buyer, falling into a particular level of inclination towards Private

Label Brand was calculated then Correlation technique is used to determine the positive and negative relation between buyer's inclination towards private label brand and their level of brand awareness.



**Graphical Representation Of Correlation Between Respondent's Inclination Towards Private Label Brands And Their Average Brand Awareness Score**

### Findings

In the above shown graph "x" and "y" have a strong positive linear correlation. Value of "r" is 0.904, which is close to +1. An "r" value close to or of exactly +1 indicates a perfect

positive fit. Positive values indicate a positive relationship between "x" and "y" variables such that as values for x increase, values for y also increase.

Therefore, "Ha" has been accepted and it has been proved



that there is a positive relation between buyer's brand awareness and their inclination towards Private Label Brands

Findings show that the buyers who possess more awareness about the brands are more inclined towards Private Label Brand, which indirectly proves that the buyers those who buy products by evaluating the information about the product such as price, contents, company, packaging, product indications and their positioning are more inclined towards the Private Label Brands. This finding also suggests that education about Private Label Brands through in-house marketing will certainly help retailers to increase their sales revenue share through Private Label Brands.

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