CONSUMER PURCHASE BEHAVIOR TOWARDS STORE BRANDS AND NATIONAL BRANDS: AN EMPIRICAL STUDY

Research Project Report

Submitted to the Punjab Agricultural University
in partial fulfillment of the requirements
for the degree of

MASTER OF BUSINESS ADMINISTRATION
in
MARKETING MANAGEMENT
(Minor Subject: Economics)

By

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CERTIFICATE I

This is to certify that the project report entitled, **"Consumer Purchase Behavior towards Store Brands and National Brands: An Empirical Study"** submitted for the degree of the **Master of Business Administration**, in the subject of **Marketing Management** (Minor subject: **Economics**) of the Punjab Agricultural University, Ludhiana, is a bonafide research work carried out by **Hardeep Singh Saini** (L-2011-BS-07-MBA) under my supervision and that no part of this project report has been submitted for any other degree.

The assistance and help received during the course of investigation have been fully acknowledged.

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CERTIFICATE II

This is to certify that the project report entitled, **"Consumer Purchase Behavior towards Store Brands and National Brands: An Empirical Study"** submitted by **Hardeep Singh Saini** (L-2011-BS-07-MBA) to Punjab Agricultural University, Ludhiana, in partial fulfillment of the requirement for the degree of the **Master of Business Administration**, in the subject of **Marketing Management** (Minor subject: **Economics**) has been approved by external examiner along with internal examiner after an oral examination on the same.

Internal Examiner	**External Examiner**

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Director
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"Appreciation can make a day, even change a life. Your willingness to put it into words is all that is necessary"

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ABSTRACT

The study was conducted to analyze consumer perceptions towards store brands and national brands in selected product categories. An attempt was also made to study the consumer purchase behavior towards store brands and national brands, and to study the influence of store brand satisfaction and image on the store's image. A sample of 240 respondents was selected on convenience basis. Data were collected with the help of a structured and non-disguised questionnaire. Data analysis was undertaken using statistical tools like mean score, chi-square test, analysis of variance and factor analysis. The study revealed that majority of the respondents were aware of store brand products. Most of the respondents were brand conscious buyers. The study revealed that customers perceive quality as most important parameter for store brands and national brand products. Respondents consider 'value for money', 'quality' and 'in-store display' as important factors during purchase of store brand products. Further, study found that customers consider 'quality', 'brand image' and 'advertising' as important factors influencing purchase of national brand products. The result revealed that 'variety of product availability', 'value for money', 'customer service' and 'store location' influence customer satisfaction towards store brands.

Keywords: Store brand, national brand, perception, purchase behavior, satisfaction , image

Signature of Major Advisor **Signature of the Student**

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CHAPTER 1

INTRODUCTION

An important aspect of the current economic scenario in India is the emergence of organized retail. The retail sector is expanding and modernizing rapidly in line with India's economic growth. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Present chapter attempts to introduce the concept of store brand and national brand and address various important issues concerning store brand and national brand. This chapter is divided into the following sections:

- **Theoretical Background**
- **Preferences and Perceptions towards store and national brands**
- **Motivational factors influencing the purchase of store and national brands**
- **Store brand image and satisfaction**
- **Need for the present study**

1.1 Theoretical Background

Private labels have grown enormously in recent years in many countries. Academic and commercial interest in store brands has been increasing in recent years (Burt, 2000; Horowitz, 2000; Semeijn *et al*, 2004; Veloutsou *et al*, 2004). Growing sales of private label consumer packaged goods is a large and global phenomenon. International study by Nielsen in 36 countries finds that consumers spend 15 per cent of total value sales on store brands, but with widespread diversity across markets. Growth rates for store brands outpace those of manufacturers in nearly two-thirds of the countries studied. Store brands will continue to grow as retailers become more sophisticated marketers and continue to expand to new markets. Retailers will also continue to build on the power of private label by offering even higher quality products. Manufacturers of branded products will see store brands as a growing competitive threat in the global marketplace.

According to the Private Label Manufacturers Association (PLMA) (2010), in countries such as Germany, Belgium, UK, Austria and Spain, total share of private labels had nearly approached 40 percent. One-fifth of all groceries in the USA are currently sold under retailers' names (Dunne and Narasimhan, 1999; Garretson *et al*, 2002). Private brand dominates the grocery market in the UK where 36 percent of the total dollar sales of the grocery market comes from Private brand, followed by Canada (25 percent), Germany (24 percent), and France (24 percent) (Hoch, 1996). Furthermore, this private brand success is greater in Europe in comparison to North American and Asia-Pacific countries. In European countries, private brand has assumed a more prominent position vis-à-vis the national brands (Richardson *et al*, 1996). In European market share of store brands creates oligopolistic

conditions in supermarket product categories of countries such as the UK, Belgium, France, Germany, Spain, and Switzerland (Anonymous, 2003). In addition, this private brand growth varies between product categories. For example, in New Zealand, private brand have a 50 per cent share in fresh milk, but only a 9 per cent share in the biscuit category (Anonymous, 2003). Mullis and Kim (2011) found the direct effect of community attachment on in-shopping intention.

Contribution of private brand over retail sales is dependent not only on countries' retail structure, such as size of national brand market, the level of retail concentration, advertising rate by manufacturer, economies of scale and scope, and imagination and management talent (Hoch, 1996; Hoch and Banerji, 1993; Steenkamp and Dekimpe, 1997), but also on consumer characteristics for which Private brand research in international markets has been sparse. In spite of the emergence and growing importance of store brands, most previous conceptual and empirical research has been focused on national brands (Steenkamp and Dekimpe, 1997). Despite proven strategic significance and wide acceptance of private label products, most prior studies have been performed in the USA (Burton et al., 1998; Hoch, 1996; Sinha and Batra, 1999; Richardson *et al*, 1996), and our understanding of Private brand in international markets is limited.

Although store brand mechanisms have often been discussed in, only recently have they been systematically investigated in theoretical and/or empirical research (Ailawadi, 2001). The limited amount of academic research that has been conducted on store brands has taken two basic approaches: some studies examined correlates of store brand proneness; others were oriented towards experimentally investigating store brand attitudes and strength (Richardson *et al*, 1996). With respect to the second type of research, Cotterill *et al* (2000) surprisingly little research has been conducted addressing the issue of the increasingly intense competitive interaction between private labels and national brands. Most previous empirical research has focused on the variation in market share of private label products across categories. Richardson (1997) supports this identified gap, indicating that the question whether store brands are perceived to be just another brand in the market has received little attention in the marketing literature over the past three decades. Until now, hardly any study incorporates the differences in positioning objectives of retailers and national brand manufacturers. Nevertheless, as is true for any brand, positioning of a store brand can exert an important influence on its performance. Watchravesringkan and Punyapiroje (2011) showed that although consumers displayed different attitudes toward retail services, positive advertising, and fair price, they expressed similar attitudes toward business provisions and product quality across samples. (Sayman *et al*, 2002).

The competition between national brands and private labels has been a key research area in the last decade. According to Chintagunta *et al* (2002), previous studies related to the effect of private label entry on national brands can be divided into two types: those which approach the issue from final demand side and those which approach it from supply side. Final demand side studies deal with the changes in preferences for the national brands and price elasticity when they suffer competition from private labels. Chintagunta *et al* (2002), Lin and Chang (2003) and de Wulf *et al* (2005). These authors tackle issues relating to the impact of private label entry on the preferences of national brands. Besides, they also deal with price sensitivities of consumers to understand who will benefit from or are harmed by private label entry. Moreover, the causal relationship between brand equity of store versus national brands and the brand loyalty towards both brands are also studied. As for supply side research, articles address problems such as the retailer's pricing decisions, and how these decisions are influenced by interactions between manufacturers and retailers. Chintagunta *et al* (2002) and Soberman and Parker (2004). They discuss how advertising influences the firm's behavior, the effects of national brands' advertising and price promotion strategy on national brands and private labels.

Regardless of the above research types, quality and price perceptions are the two frequently compared consumer perceptions between national brands and private labels (Lin and Chang, 2003; Miranda and Joshi, 2003; Erdem *et al* 2004). Research also shows that perceived risk is important to Private brand consumers. Despite the potential risks of Private brands versus national brands, the market share of Private brands has been growing (Batra and Sinha, 2000; Hoch and Banerji, 1993).

Inter-category differences are an important source of variation in Private brand share (Batra and Sinha, 2000; Dhar and Hoch, 1997). Batra and Sinha (2000) suggest that examining these inter-category differences may provide further insight into the development of private brand. Previous studies (Richardson *et al*, 1996; Burton *et al*, 1998) examine general influences such as the economic and psychological factors affecting private brand purchase. However, the results from these studies are aggregated and do not consider product category differences.

Retailers increasingly attempt to develop their private label products due to the control and high margins that private labels provide to them (Terpstra and Sarathy, 1994). For retailers, private labels are a tool for controlling the channel and reducing the dependence of the store on national brands (Tamilia *et al*, 2000). Through the practice of developing and marketing private label products in competition with national brands and manufacturers, retailers increase their bargaining power (Tarzijan, 2004). Retailers tend to develop private label products to gain control over shelf space, to introduce lower prices to consumers by

controlling the costs, to have bargaining power with manufacturers (Halstead and Ward, 1995; Batra and Sinha, 2000; Tarzijan, 2004), to reach more consumers by drawing their attention and reinforcing the store image (Tamilia *et al*, 2000; Vahie and Paswan, 2006), to differentiate themselves concerning price and product diversification compared to competing stores (Schneider, 2004), to improve relationships with manufacturers (Fernie and Pierrel, 1996), to gain channel efficiency (Chen *et al*, 2009), to reduce the number of national brands on the shelves (Garretson *et al,* 2002) or lessen the dependence of the store on national brands (Quelch and Harding, 1996), Because of their exclusiveness, they also increase store traffic and ultimately lead to customer store loyalty (Liesse, 1993; Richardson et al., 1996; Steenkamp and Dekimpe, 1997).

For retail chains, the development of store brands is viewed as a strategy for improving store image and profitability (Quelch and Harding, 1996). In particular, due to low-marketing expenditures and supply prices, retailers can make higher margins on store brands while retaining competitive consumer prices (Broadbent, 1994; Corstjens *et al*, 1995). For example, the retailer's buying price for private label products might be up to 25 per cent lower than comparable manufacturer-branded products (Anonymous, 2004). In addition, since store brands are exclusively distributed products, the retailer avoids direct price competition, enhances store differentiation, and creates traffic (Davies, 1990). Strong store brand lines also strengthen the retailer's bargaining power and overall position in the distribution channel (Patti and Fisl, 1982).

1.2 Preferences and Perceptions towards store and national brands

To manage retail brands successfully, managers have to understand customer needs and desires. Customer perceptions have to be studied because perception is basic to other activities. Improved understanding of customer perceptions is also important because it has been shown that managers view their own retail image differently from that of their customers (Birtwistle *et al*, 1999).

The categorization model of consumer perception states that a consumer's knowledge about products and brands forms a categorical structure in a consumer's memory. Such categories may contain similarly perceived or preferred products or brands, and have meanings attached to them. The previous consumer behavior studies applying the categorization approach have focused on product perception (Meyers- Levy and Tybout, 1989; Ozanne *et al,* 1992; Sujan, 1985; Sujan and Dekleva, 1987; Sujan and Bettman, 1989). Categorization may, however, also concern retail formats and brands. A consumer's categorical knowledge structure of retail stores would include expectations concerning what attributes the stores in a category possess, what constitutes the typical configuration of

attributes and what performance levels can be expected from the stores in a particular category (Sujan, 1985). The expectations concerning the category can guide consumer perception and evaluation of a specific store, as well as store choice.

It is generally recognized that consumer preferences for national brands are strong and that a competitive national brand assortment is critical for retail profitability although store brands do provide leverage to retailers and allow retailers to improve margins (Ailawadi, 2001). Several studies have found that consumers perceive national brands to be superior to store brands and to generic grocery items on attributes such as overall quality, taste, aroma, and reliability (Bellizzi *et al,* 1981; Cunningham *et al*, 1982; Hawes *et al,* 1982). National brands provide hedonic utility and quality (Sethuraman, 2000), whereas store brands are generally lower priced, poorly packaged, lack strong brand recognition, and are rarely advertised at the national level (Cunningham *et al*, 1982). In other words, national brands enjoy a level of equity and image, over and above quality, that is not offset by the lower price of store brands (Ailawadi, 2001). Therefore, national brands provide a secure alternative that in many consumption situations is more socially acceptable (Baltas, 1997). Richardson *et al* (1994) stated that extensive advertising, strict quality controls and superior extrinsic cue effects have led to strong national brand images signaling to many consumers a quality reassurance. They empirically showed that regardless of the product category or the actual ingredients sampled, ingredients coupled with national brand extrinsic cues received significantly more favorable quality assessment than the same ingredients coupled with store brand extrinsic cues.

Previous studies indicate that consumers generally perceive store brands to be of lower quality than national brands. Consumer perceptions of store brands versus national brands and that store brand grocery items are judged inferior to national brands in terms of quality of ingredients, taste, texture and aroma (Bellizzi *et al*, 1981; Sundel, 1974).and Quelch and Harding (1996) claim that North American retailers have been introducing store brands whose quality matches or even exceeds that of national goods, while still selling for a slightly lower price. Empirical evidence was found by Fitzell (1992) who came to the conclusion that quality perceptions of store brands are equal to quality perceptions of national brands. This finding is also consistent with recent trends suggesting that a large number of consumers feel store brands usually perform as well as or taste as good as nationally advertised brands (Fitzell, 1992).

Prior studies show that the greater the perceived risk associated with private brands, the lower the consumer private brands proneness (Dunn *et al,* 1986; Erdem *et al,* 2004; Richardson *et al*, 1996; Glynn, 2009). Perceived risk has a number of facets: a functional risk (the private brands does not perform), a financial risk (wasting money) and social risk (the

private brands may not be good enough for my friends). However, many studies treat "perceived risk" as a single construct to predict consumer preferences for private brands rather as a multidimensional phenomenon (Dunn *et al*, 1986). Furthermore, Mieres *et al* (2006) show that social risk is not a significant influence on private brands purchasing. Batra and Sinha (2000) examine this construct more closely using four determinants to explain private brands purchasing. These determinants are a greater consequence of making purchase mistake, quality variability between the private brands and national brands in a category, the "search" versus "experience" nature of product features in a category and price consciousness.

Perceived quality is a critical element in private brands purchase decisions (Hoch and Banerji, 1993; Richardson *et al*, 1996) and an important indicator of perceived risk. Although some major retailers continually improve their private brands quality (Rafiq and Collins, 1996), consumers remain suspicious of private brands quality (Dick *et al*, 1995). Product quality variability across different brands also adds to this consumer uncertainty (Erdem *et al*, 2004). Several studies show that product quality consistency negatively impacts on private brands performance (Erdem *et al*, 2004; Hoch and Banerji, 1993; Steenkamp and Dekimpe, 1997). Hoch and Banerji (1993) point out that product quality is important in explaining the market shares of private brands. Their work suggests that private brands products are more successful in categories where private brands quality is closer to that of national brands. Semeijn *et al* (2004) conclude that when quality variance within a product category is high, consumers will choose manufacturer brands over private labels, to reduce perceived risk of that purchase. Dick *et al* (1995) also show that private brands proneness is higher when there is a lower quality differential between private brands and national brands. However, B&S show that quality variability only is an indirect influence when consequences of a purchase mistake mediate private brands preference. This finding contradicts other studies which show that quality variability has a direct and negative influence on private brand proneness (Dick *et al*, 1995; Hoch and Banerji, 1993; Semeijn *et al*, 2004; Glynn, 2009).

1.3 Motivational factors influencing the purchase of store and national brands

Since the 1960s, there has been research focus on store brands with multiple aims. The initial research was focused on characterizing their consumers (Frank and Boyd, 1965; Myers, 1967; Burger and Schott, 1972). Later, other authors have also attempted to identify the traits of store brand consumers (Ailawadi *et al*, 2001). In these years, different variables have been used to identify the store brand prone consumer. At first, research was focused on socio-demographics, however subsequent studies have considered other variables such as psychographic traits, behavior, personality or lifestyle (Ailawadi *et al,* 2001; Garreston *et al*, 2002; Jin and Suh, 2005; Whelan and Davies, 2006). Thus, Ailawadi *et al* (2001) explained

that the consumer's decision whether to purchase store brands or to use promotions is driven by economic and hedonic benefits as well as costs. Therefore, psychographic variables related to these benefits and cost could be useful to identify the store brand prone consumers. Among other functional benefits, savings and quality are worth nothing (Chandon *et al*, 2000; Ailawadi *et al*, 2001; Martinez, 2008).

However, consumers use extrinsic cues to judge product quality, store brands are at a disadvantage relative to national brands. Store brands are less well known than national brands and lack a distinct identification with a particular manufacturer (Dick *et al*, 1996). Richardson (1997) suggested that store brands are undifferentiated in consumers' minds. It appears that store brands are regarded as comparable in terms of quality. In this sense, store brands may be perceived to be just another brand in the market (Richardson, 1997). Ailawadi (2001) note that the primary reason for a margin differential is that private label suppliers have very little market power in contrast with national brand manufacturers. They are much less concentrated than national brand manufacturers and operate in a competitive market with no product differentiation. As a result, they may sell to retailers at a price close to their marginal cost (Ailawadi, 2001; Wulf, 2005).

The consequences of making a purchase mistake is an important risk factor as consumers regard private brands as being inferior to national brands on reliability, prestige, quality attributes (Bellizzi *et al*, 1981). When consumers consider that purchasing a wrong brand may have some important negative consequences, they are more likely to buy national brands. An explanation for this behavior is that national brands provide a safer choice in many consumption situations (Baltas, 1997). Dunn *et al* (1986) also find that private brands are least risky on financial measures; however, social risk is less important for supermarket products generally.

Price consciousness is the degree to which consumers use price in its negative role as a decision-making criterion (Lichtenstein *et al*, 1988). Since private brands are typically lower in price relative to national brand products, studies have often used price consciousness as one of the attitudinal characteristics of private brands buyers. Price consciousness is relevant to both national brands and private brands. Raju *et al* (1995) confirm that private brands products perform well in product classes where consumers are more price sensitive. Burton et al. (1998) and Ailawadi *et al* (2001) also show that consumers who tend to pay low prices have a more favorable attitude towards buying private brands.

Higher distribution intensity gives national brands an advantage in terms of extrinsic cues over private brands that only have store availability. Brand-loyal consumers usually have a habit of purchasing a particular national brand due to an emotional attachment and

satisfaction with previous purchases (Lim and Razzaque, 1997). Prior research suggests that price conscious consumers are less brand loyal, instead exhibiting strong variety seeking behavior (Garretson et al., 2002). Frequent private brands purchasers also show similar buying behavior. Baltas (1997) notes private brands-prone buyers are likely switchers or variety seekers who do not have a stable brand selection. These consumers can easily switch to national brands when the price gap between private brands and national brands is narrowed (Putsis and Cotterill, 1999).

Another issue important to both retailers and marketers is whether demographic groups influence attitudes towards private labels. Research has found that consumer sensitivity to quality, risk and price affects private brands proneness (Erdem *et al*, 2004). Richardson *et al* (1996) contend that as private brands are sold at a lower price, the demographic status of respondents affects the propensity to purchase. However, Baltas conclude that many of the demographic findings into private brands purchasing are mixed, unclear or outdated. Contradictory findings in the literature exist as to the influence of age group on private brands purchasing. Richardson *et al* (1996) suggest the experience of older shoppers makes them more likely to consider private brands as viable alternatives to national brands. This viewpoint implies that older people have more budget constraints; they may be more price sensitive and thus more likely to purchase a private brands (Omar, 1996). An alternative explanation is that older people avoid private brands; whereas younger people are more likely to accept them. Dick *et al* (1995) find that older shoppers purchased national brands while younger consumers favored private brands.

On the other hand, hedonic benefits are linked to intangible attributes and they are experiential and affective. Among the hedonic benefits provided by promotions or store brands, entertainment, exploration and expression are particularly noteworthy. Costs related to these purchases may include switching, searching, thinking and inventory holding costs.

Although store brands are interesting to low-income households, now-a-days these brands are not believed to be made to people who are on a tight budget. Store brand purchases can also provide consumers with exploration benefits. (Garreston *et al*, 2002) As noted by Ailawadi *et al* (2001), the exploration benefit evokes characteristics such as innovativeness, variety seeking and impulsiveness. Innovators may feel attracted by store brands, as they are open to experiences and may be more willing to try a new product or one with higher risk associated, and therefore, they buy store brands (Garreston *et al*, 2002). Variety seeking has been positively related to the store brand purchase (Ailawadi et al., 2001). Variety seekers often make their purchase decision at the store and analyse the existing offer there; although these consumers may alternate between different brands, they are likely to consider store brands as the best option and thus decide to buy them.

Burton *et al* (1998) found a negative relationship between the attitude towards store brands and impulsiveness. However, as Ailawadi *et al* (2001) stated, the store brand purchase can be made on impulse but these brands are not especially conductive to impulsive behaviour. Therefore, we expect to find a non significant relationship between impulsiveness and the store brand purchase. Self-expression refers to an emotional benefit obtained by some consumers when they express their "self" in front of others. This self-expression benefit is related to being a market maven and to motivation to conform. Market mavens might have a better attitude and response to store brands because these consumers attach considerable importance to both quality and price (Williams and Slama, 1995); these products offer, on the whole, excellent quality-price relation and are appreciated by value conscious consumers. Furthermore, the store brand purchase improves the feeling of being a daring and intelligent consumer (Omar, 1996; Garreston *et al*, 2002), which is related to being a market maven. We expect a positive relationship between market mavenism and store brand proneness.

Regarding brand loyalty, consumers loyal to manufacturer's brands attach more importance to product attributes than to price; present a worse attitude to store brands (Burton *et al,* 1998; Garreston *et al*, 2002) and thus are less prone to buy them (Baltas and Doyle, 1998). According to these reasons, brand loyalty will be negatively related to store brand proneness.

On the contrary, loyalty to a store increases purchase probabilities of store brand products (Ailawadi *et al*, 2001; Baltas, 2003). Moreover, premium quality store brands increase store loyalty as they also increase switching costs. We can expect a positive relationship between store loyalty and a store brand purchase. (Baltas and Doyle, 1998; Ailawadi *et al,* 2001). In their infancy, store brands were sold in basic product categories; however, now-a-days we can find private labels in most of the products sold in the supermarket. Consumers under time pressure may have a positive attitude towards store brands because the possibility of buying a store brand in a wide variety of categories will reduce in-store deliberation and will facilitate purchase.

The importance of the thinking cost is related to the need for cognition. It has been proven that those with a high need for cognition process the information more thoroughly than the rest of people in a wide range of contexts (Baltas and Doyle, 1998). On the one hand, although there are important differences between store brands (Batra and Sinha 2000), high-cognitive people may be interested in knowing which manufacturer makes each product, and they may buy premium brands. On the other hand, as Ailawadi *et al* (2001) stated, low-cognitive people may use the store brand label as a cue for good value or as a cue for low quality.

Value consciousness means "the quality one gets for the price one pays" (Lichtenstein *et al*, 1993; Zeithaml, 1988). Value consciousness implies consideration of quality not in absolute terms, but in relation to the price of a particular brand. Contrary to common perception that price is the premier factor of private brand success, Hoch and Banerji (1993) found that quality of private brand is much more important than the level of price discount in determining the private brand category share. This indicates that perceived quality is an equally important factor of private brand success. Empirical research has confirmed that value-related measures are positively related to private brand attitude (Burton *et al*, 1998; Richardson *et al,* 1996). Recently Garretson *et al* (2002) provided further evidence that value consciousness is positively related to attitudes toward both private brand and national brand.

Rogers (1983) defines innovativeness in terms of the degree to which a person is earlier in adopting an innovation relative to other members of his or her social system. Consumer innovativeness in this study is defined as "the predisposition to buy new and different products and brands rather than remain with previous choices and consumption patterns" (Steenkamp *et al,* 1999). It is generally accepted that consumer innovative predisposition leads to early product adoption (Im *et al*, 2003) and internet shopping (Citrin *et al*, 2000). Richardson *et al* (1996) suggested that "consumers may be more prone to select store brands for 'think type' rather than 'feel type' products". This finding implies a more positive relationship between consumer innovativeness and purchasing private brand food items as this category is considered a "think" type**.**

Grocery pricing strategy, for example high-low (HILO) pricing, has a direct effect on customer purchase behavior in conventional grocery stores: large basket customers prefer a store which offers an EDLP format, while small basket shoppers prefer a store that offers a HILO format (Bell and Lattin, 1998). Arnold et al. (1983) found low prices to be the second most important store characteristic for supermarket shoppers; store location was first.

Finally, the purchase of a store brand can also be related to inventory costs. The household with little storage space can consider store brands as a good opportunity because they offer good prices all the time without having to purchase big quantities (Ailawadi et al., 2001). We therefore expect a positive relationship between having storage restrictions and the store brand purchase (Martinez 2008).

1.4 Store brand image and satisfaction

Store image in the sense of the store as a brand is usually measured as consumers' perceptions of store performance. This choice is based on the notion of a value-percept diversity, i.e. customers are likely to be more satisfied with the offering as the ability of the

offering to provide consumers what they need, want, or desire increases relative to the costs incurred (Szymanski and Henard, 2001). Store image can be defined as the way that consumers view the store, i.e. their impression or perception of the store (Hartman and Spiro, 2005). One of the earliest studies of store image was done by and the concept has been one of the primary conceptual topics in academic retailing research (Mayer, 1989). Several studies demonstrate that corporate image affects consumer product judgments and responses in a positive manner (Dacin and Brown, 1997).

Some studies have showed that the store image offers recognition, familiarity, confidence, and other associations that make it easier for consumers to make the decision to try the product (Dimitriadis and Langeard, 1990). Although there is a reciprocal influence between store image and individual store brand image, the influence is stronger from the store to the brand than in the opposite direction. In other words, when consumers have tried the store brand, their opinion about it will have a potential influence on the store image, but it ismore likely that the image of the store already influenced consumers' willingness to try the brand. Another result was that retailers' corporate brands are not credible for certain types of products, like home appliances or champagne, and that store brands will not be bought for certain high involvement consumption-usage contexts. There are, however, also studies showing a negative effect from corporate image. One study showed that the quality rating of store brands increased by 21 percent, if the store had an attractive store atmosphere (Richardson *et al*, 1996). Thus, it is not only the quality of the products offered but also how the store is managed that influence the image of store brands.

Satisfaction is a critical measure of a firm's success and has been shown to influence attitude, repurchase, and word-of-mouth communication (Sivadas and Baker-Prewitt, 2000); to be a good predictor of future purchase behavior (Kasper, 1988); to influence profit (Anderson *et al*, 1994); and, in the long run, to lead to customer loyalty (Oliver, 1997). Additionally, Day (1994) found that customer satisfaction led to greater customer retention, while Huber *et al* (2001) found satisfied customers were willing to pay higher prices.

Despite the abundance of literature on customer satisfaction (Cardozo, 1965; Giese and Cote (2000) acknowledge that a generally accepted definition of customer satisfaction has not been established. Giese and Cote's (2000) multi-method study elicited the following definition: customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post-consumption). Given this definition, a customer's satisfaction with his/her shopping experience may be an outcome of the value provided by the shopping experience. Carpenter and Fairhurst (2005) showed that utilitarian shopping benefits and hedonic shopping benefits had a positive impact on satisfaction.

Individual customers have different motivations for shopping. These include diversion from daily routine, learning about new products or trends, or enjoyment of bargaining. Some customers are more task-oriented while others are more activity-oriented (Babin *et al*, 1994). These differences mean that they will find value in and also gain satisfaction from diverse aspects of the shopping experience. Retailers must understand these differences in order to create store formats and offer-related attributes that meet the needs of their target segment(s). (Huddleston, 2009)

Consumer price consciousness differs by product category (Monroe and Krishnan, 1985). Some consumers may be more or less price-conscious toward a particular product category because of perceived risk or personal importance. Sinha and Batra (1999) discovered that consumers are more price-conscious in a product category where they perceive greater risk and price unfairness by national brands. In addition, Batra and Sinha (2000) found that private brand buying increases as the consequences of making a purchasing mistake decline. Relative to food items, home appliance products represent a higher perceived risk, therefore attitude and purchase intention of home appliance private brand products may not be solely based on low price.

Based on retail grocery data, Richardson et al. (1996) discovered that higher perceived risk associated with a private brand purchase lowers as individual's perception of value for money. They also found that an individual with high intolerance for ambiguity considers value for money less important. This suggests that value consciousness differs by perceived risk in the product category and by individual characteristics with regard to ambiguity.

Perceived quality is a critical element for consumer decision making; consequently, consumers will compare the quality of alternatives with regard to price within a category. If a consumer purchases private brand over national brand, the decision might be made on the consideration that quality variation between private brand and national brand is minimal or acceptable compared to the price. In other words, less quality variation between private brand and national brand will result in higher private brand purchases. One empirical study found that the\ perceived quality differential in certain categories is the most important reason consumers opt to pay more for national brands (Sethuraman and Cole, 1997).

Hoch and Banerji (1993) found that the quality differential between private brand and national brand depends on the technology requirements in manufacturing that varies across product categories. Batra and Sinha (2000) compared two product categories, one with experience characteristics (i.e. requires experience to estimate) and one with search

characteristics (i.e. requires little experience to estimate) and found differing effects of quality variation on private brand purchase. That is, consumers felt higher quality variation and higher consequences of making a purchase mistake in experiential product categories than in search product categories. Because of the inherent risk involved with product category, the perceived quality gap between private brand and national brand may be perceived more important in home appliances than in food.

Research has historically shown a relationship between store attributes and retail format choice. Store choice is influenced by a customer's individual values and their store image which, in turn, is based on perceived store attributes (Newman and Cullen, 2001). Store attributes, such as quality, price, and variety, affect shopping habits in grocery chains (Doyle and Fenwick, 1974 1975).

1.4.1 Stores' image

Although grocery stores are facing problems in differentiating themselves due to the lack of a perceived core product/service and the need to address the broadest possible range of consumers and purchase situations, Dick *et al* (1995) observed that the store image acts as an important indicator of store brand quality. Store image is reflected in the store's physical environment (Richardson *et al*, 1996), perceptions related to its merchandise, and perceived service quality (Zimmer and Golden, 1988). Consumers use these cues to form an overall evaluation that will affect their attitude toward the store as a whole, and potentially towards its store brands. This could explain why store brands outperform manufacturer branded products in some cases. Consumers' buying decisions will thus be influenced by their experiences with the retail environment, the merchandise and In addition to effects of the store image, it has been theorized that perceived product attributes affect the attitude of the consumer towards merchandise sold under a store brand (DelVecchio, 2001). These differences have been related to the perceived risks associated with store brand purchases (Mitchell, 2001). By choosing among different brands, and depending on the degree of involvement with each product, consumers make trade-offs between the risks of losses they may incur when purchasing the product and the value they expect.

Different authors have categorized the risks associated with the purchase of a product into different groups. Some authors have categorized them into four groups, namely functional or physical, psychosocial, financial and time related risks (Greatorex and Mitchell, 1994). Others employ seven distinct risk types, namely financial, social, time, performance, functional, psychological and overall risk (Stone and Gr^nhaug, 1993). In the case of groceries, functional and physical risks appear to be equivalent: a product that is not compliant with functional (quality) standards could lead to physical damage. In our view, perceived time risk,

or the risk that a consumer could waste more time by buying one type of brand rather than another, does not discriminate between manufacturer brands and store brands.

A store's image does not only serve as a direct indicator of store brand quality, but also as a risk reliever. The relationship between store image and consumer attitude to a store-branded product can thus be modeled as a mediated relationship. The relationship is mediated by the risk perception, because the risk perception itself is affected by the quality perception of the store (Venkatraman, 1990). As a consequence we expect: Psychosocial risk is associated with the consumption of the product and its symbolic aspects, such as beliefs and status (Batra and Sinha, 2000; DelVecchio, 2001). Psychosocial risk exists to the extent that the consumer believes that he/she will be negatively evaluated due to his/her product (brand) choice. Nonetheless, not all products are consumed in public situations, that is, other people might not be aware that someone possesses and uses a certain product, when it is not highly visible to others (Bearden and Etzel, 1982). The more visible or publicly used a product category is, the smaller the chance that a consumer will use a store brand, due to its lower level of symbolic quality. Therefore, we expect an inverse relationship between usage visibility of the product and consumer attitudes towards the store-branded product. (DelVecchio, 2001)

Again, the store image could act as a risk reliever and it is expected that the effect of consumers' perceptions of the retailer on their evaluations of store-branded products will be mediated by the perceived psychosocial risk.When considerable quality variance occurs within a product category, the likelihood of a consumer making a poor purchase decision increases, and with it the associated financial risk. The general expectation is that in product categories with large quality variability, store brand labels will appear lower in the quality spectrum (Hoch and Banerji, 1993; DelVecchio, 2001). The store image could again act as a risk reliever and it could be expected that the effect of consumers' perceptions of the retailer on their evaluations of store branded products will be mediated by the perceived financial risk.

The corporate brand is a valuable intangible asset, that is difficult to imitate, and which may help to achieve sustained superior financial performance (Roberts and Dowling, 2002). The corporate brand and the product brand play different roles in the organization (Aaker, 1996). The end benefit of the corporate brand is to provide a value proposition or customer relationship based on the organizational associations (Aaker, 1996). The corporate image is based on what people associate with the company or all the information (perceptions, inferences, and beliefs) about it that people hold. Some researchers have used image and reputation as substitutes; therefore, image and reputation are used as substitutes, since it is likely that the early studies on store image would have used the concept "reputation" had they

been done today. A company's reputation can act as a signal that summarizes its past behavior and which can be used to forecast future actions. A general assumption in the branding literature is that a favorable brand image will have a positive impact on consumers' behavior towards the brand, such as the opportunity to command premium prices, buyers who are more loyal, and more positive word-of-mouth. Translated to a retailing context, it is likely that a favorable store image increases satisfaction with the store which in turn increases store loyalty (Bloemer and de Ruyter, 1998).

When consumers have difficulties evaluating a store brand or a manufacturer brand, their perception of the company's ability to produce or be responsible for the production of that product might influence their interest in the brand in question (Dacin and Brown, 1997). When corporate associations perceptions of the quality of the brand. The main purpose of retailers is to be good at retailing and not manufacturing. As a consequence, it is unclear what advantage consumers see in being offered store brands if there are good manufacturer brands already available on the market. Retailers and traditional manufacturers have chosen different brand architectures (brand portfolio structures). Retailers have branded houses and use their corporate names to promote their most important store brands. Manufacturers of grocery products have houses of brands, where each brand competes on its own merits. Usually, no mention is made of the manufacturer behind the brand. Generally, the branded house strategy is considered more efficient than the house of brand strategy, and should be the default alternative according to branding experts such as David Aaker. The most well-known company pursuing the branded house strategy is P&G. The theory is based on the assumption that consumers may think that companies spending a lot of money on advertising have a lot to loose if they sell low-quality products. Retailers, consequently, have the most to loose if they put their name on products with a low quality. They risk everything since they use a corporate branding strategy, whereas P&G does not risk the P&G corporate brand name but only a product brand name. provide cues about the likely standing of a new brand, they will influence consumer.

1.5 Need for the present study

An important aspect of the current economic scenario in India is the emergence of organized retail. The retail sector is expanding and modernizing rapidly in line with India's economic growth. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. The study estimated that the total retail business in India will grow at 13 per cent annually from US$ 322 billion in 2006-07 to US$ 590 billion in 2011-12. Major industrial houses have entered this area and have announced very ambitious future expansion plans. Transnational corporations are also seeking

to come to India and set up retail chains in collaboration with big Indian companies (Joseph *et al,* 2008)

Consumers have been exposed to a new concept of private label retailing and studies have shown that academic and commercial interest in private brand has been increasing in recent years (Burt, 2000).Sales of private brand are increasing day by day and are global phenomena. An international study by Nielsen in 36 countries found that consumers spend 15 per cent of total value sales on store brands, but with widespread diversity across markets. Private brand will continue to grow as retailers become more sophisticated marketers and continue to expand to new markets. Retailers will also continue to build on the power of private brand by offering even higher quality products. Manufacturers of branded products will see store brands as a growing competitive threat in the global market place (Baltas and Argouslidis, 2007). For retail chains, the development of private brands is viewed as a strategy for improving store image and profitability (Quelch and Harding, 1996). In particular, due to low-marketing expenditures and supply prices, retailers can make higher margins on store brands while retaining competitive consumer prices (Corstjens *et al,* 1995). For example, the retailer's buying price for private brand products might be up to 25 per cent lower than comparable manufacturer-branded products (Anonymous, 2004).

National brand (also called manufacturer's brand) is defined as 'a brand created and owned by the producer of a product or service' (Kotler *et al,* 2008) whereas, private labels (also retailer brands) are defined as brands which are owned and sold by the retailer as well as distributed by the retailer'. Retailer brands are also commonly called "store brands" or "own labels". Private labels are usually manufactured by a third party under licensing. This third party is called contract manufacturer.(Lincoln and Thomassen, 2008).

Consumers perception and preference toward private brands and national brand varies according to a cultural context because various social and cultural factors shape the consumer's mind (Uusitalo, 2001)to manage retail brands successfully, managers have to understand consumers needs and desires. Consumer's perceptions have to be studied because perception is basic to other activities. Improved understanding of consumer's perceptions is also important because it has been found that managers perceive their own retail image differently from that of their consumer's perceptions (Birtwistle *et al,* 1999)

The issue of retail branding has recently gained much attention from researchers (Ailawadi and Keller, 2004). Retail branding conceptualization has evolved from an initial narrow focus on products only – namely the store brands – to a wider perspective that takes into account the store and the corporate dimensions of the retailer brands (Burt and Davies, 2010). Here we will link these factors and try to question the relationship between the store

brand's image and the retailer's image. Simply, do store brands improve the perception of retailer's brand. In 2008, Carrefour, the second-largest world retailer in its first advertisement choose to advertise its own baby diapers and fishing products rather than national brands it carriers, advertisement was product-oriented and it positioned Carrefour store brands as affordable and good-quality products. However, as the retailer and its store brands share the same brand name, we can wonder if promoting store brands does not also aim at improving the retailer's brand equity at the same time.

The recent wave of reforms by the Government to incentivize Foreign Direct Investment (FDI) in various sectors is bringing a new zeal to the investment climate in India. One of the most debated reforms is the policy for allowing 51 per cent FDI in multi-brand retail. Deloitte's paper published in September 2011, "Embracing a new trajectory" analyzed various retail sub-segments in terms of their growth potential and penetration of organized retail. Food and Grocery retail and Apparel retail emerged as the most lucrative segments because of their large market size and high growth. Organized retail, which constitutes 8 per cent of the total retail market, will grow much faster than traditional retail. It is expected to gain a higher share in the growing pie of the retail market in India. Various estimates put the share of organized retail as 20 per cent by 2020. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015. Food and Grocery is the largest category within the retail sector with 60 per cent share\ followed by Apparel and Mobile segment. Within the organized retail sector, Apparel is the largest segment. "Food and Grocery" and "Mobile and telecom" are the other major contributors to this segment. (Anonymous 2013)

Importance of this study lies in the fact that, although, various studies have been done on this subject in Western and European countries but no such detailed study have been done in the Indian market, India as a country differ from West and Europe and this study will provide a perspective of Indian consumers towards private brands against national brands.

So this research will be undertaken to fulfill following objectives:

1. To study consumer perceptions towards store brands and national brands in selected product categories

2. To analyse consumer purchase behavior of store brands and national brands in selected product categories

3. To study the influence of store brand satisfaction and image on the store's image in selected product categories

CHAPTER II

REVIEW OF LITERATURE

An attempt has been made to present, in brief, a review of selected studies, which have a direct and indirect relevance to the study. This will provide a glimpse of work done on consumers purchase behavior and perception towards private brands and national brands and influence of store brand satisfaction and store brand image on the store's image in selected categories.

Tauber (1972) shopping experience provides qualities that are valued by the customer, satisfaction with the store is likely to result Individual customers have different motivations for shopping. These include diversion from daily routine, learning about new products or trends, or enjoyment of bargaining.

Hoch and Banerji (1993) found consumer pay high importance to consumer perception toward price and quality of private brand since these factors have been identified as two of the important reasons for purchasing private brand.

Lichtenstein *et al* (1993) evaluated that purchasing at the lowest price may the best choice for some consumers, however, for others, price with respect to quality may be more important. Moreover, three most relevant attributes of price-quality related variables are price consciousness, value consciousness, and perceived quality variation.

Sivadas and Baker-Prewitt (2000) pointed that satisfaction is a critical measure of a firm's success and has been shown to influence attitude, repurchase, and work-of-mouth communication and to be a good predictor of future purchase behavior.

Ailawadi *et al* (2001) found that behavior is influenced by economic as well as hedonic factors. Among hedonic factors, peer approval plays an important role in determining behavior. Among economic factors, for store brand usage is perceived quality and driver of national brand is perceived savings

Brown (2001) concluded that customer expectations surrounding the retail experience may vary across retail stores and products which can, in turn, mean that satisfaction will also vary by the type of retailer and/or type of product offered at retail.

Uusitalo (2001) confirmed that the grocery stores have been successful in creating stores that provide retail service packages with physical characteristics that meet consumers'

expectations. But, the grocery stores have not been able to establish brand identity or differentiated store image. Therefore, price remains a major competitive weapon.

Davies and Brito (2004) suggested that marketing costs incurred by the manufacturers are mainly consumer advertising and trade marketing (retailer volume discounts and price promotions support). Manufacturers can improve in advertising efficiency and effectiveness to reduce the cost of sale prices to fight back private label's low cost.

Semeijn *et al* (2004) revealed that importance of store brands has increased and many products carrying a label that is exclusively available from a specific retailer chain have been introduced in recent years, with varying degrees of success.

Eroglu *et al* (2005) examined whether shopping values are affected by perceived retail crowding, and whether shopping values mediate the relationship between perceived retail crowding and shopping satisfaction. Results of the first study show that perceived retail crowding affects shopping values, albeit not very strongly. However, the effects appear to be moderated by factors such as personal tolerance for crowding, time spent shopping, shopping intention, and whether a purchase was made. Study 2 indicates that the impact of perceived crowding on shopping value is mediated by emotions experienced by the shopper. The emotions and shopping value reactions, in turn, mediate the effect of spatial crowding on shopping satisfaction. Interestingly, the results show that when these mediating variables are accounted for, human crowding *positively* affects shopping satisfaction.

Jin and Suh (2005) found that from there model that integrates four consumer characteristic variables (price consciousness, value consciousness, perceived price variation and consumer innovativeness) toward private brand attitude and purchase intention. Perceived quality variability in a food category and price consciousness in a home appliance category did not show any relationship with private brand purchase intention nor with private brand attitude. In both product categories, only two variables, value consciousness and consumer innovativeness, predicted private brand attitude. Overall, consumer innovativeness was the strongest factor for shoppers' private brand attitude.

Grunert *et al* (2006) suggested that two segments of consumers are: price conscious and differentiated consumers. Consumers prefer shops with lower price levels, with dominantly manufacturer brands, with quality of retailer brands at the same level as manufacturer brands and with good visibility of retailer brands.

Lybeck *et al* (2006) revealed that the middle aged and more educated are more store-brand prone than others. Three buyer types of store brand buyers with differing perceptions were identified: heavy users, sometimes and seldom.

Ma and Niehm (2006) examine the relationship of older Generation Y (Gen Y) customers' (18-27) shopping orientations to their expectations for retail services, also seeks to assess the importance and impact of service expectations and perceptions on customer satisfaction and loyalty when shopping for apparel in different types of retail outlets. Shopping orientations were related to older Gen Y customers' expectations for retail services and patronage in all three apparel retail settings.

Anselmsson and Johansson (2007) highlighted three general attitude-based dimensions for CSR positioning and that retail brands can indeed, in relation to leading national brands, build a CSR image. The CSR dimension of greatest impact on overall CSR image is product responsibility, whereas human responsibility influences the customer purchase intentions the most.

Baltas and Argouslidis (2007) found specific consumer characteristics are associated with interpersonal differences in store brand demand. Store brand preferences derive from a broader evaluation process, in which quality has the most significant role. The results also demonstrate the changing image of store brands, the endorsement of such products by consumers of higher socio-economic status, and lead to important implications for both retailers and manufacturers of consumer products.

Cheng *et al* (2007) revealed that on the whole national brands were perceived as significantly superior to international private labels, while international private labels were perceived as being superior to local private labels in terms of all perceptions except price perception.

Martenson (2007) pointed that most customers are satisfied when the store is neat and pleasant and when they feel that the store understands their needs. Only certain customer segments are interested in store brands and it was found that satisfied customers were loyal.

Binninger (2008) concluded that the increase in retail brands satisfaction and loyalty influences store loyalty and that attitude toward store brand products has a moderating effect on the relationships between store brand satisfaction and loyalty. It was also found that this moderating influence is greater for an identifiable retail brand than for an unidentifiable retail brand.

Martínez and Montaner (2008) in the study showed that socio-demographics are not powerful in identifying store brand consumers. However, psychographic traits are much more related to this behavior.

Glynn and Chen (2009) indicated that quality variability, price consciousness, price-quality association and brand loyalty influence consumer proneness to buy private brands. In addition, income, education and household size are moderators of private brands purchasing. Retailers and manufacturers need to consider the effects of private brands in relation to the product category. For retailers, the value of a private brand is less relevant in some categories but appealing to the price conscious consumer is important.

Huang and Huddleston (2009) pointed that retailers who have higher degree of customer participation, innovation, and brand orientations are likely to have a stronger own-brand product advantage. In turn, those retailers are more likely to have loyal customers and superior own-brand financial performance. These relationships will be influenced by retailer image, market power, number of national brands and category size, technology complexity, and competitive intensity.

Olbrich and Grewe (2009) revealed that in all studied outlet formats, there was an evidence of decreasing product variety and increasing prices over time. Moreover, the results show that the turnover in the supermarkets and especially in the hypermarkets is in decline and a positive turnover trend can only be found in the discount stores.

Altintas *et al* (2010) found strategic objective factors that have significant effects on competitive advantage of private label manufacturers. Three strategic objective factors were found to have an effect on competitive advantage: production efficiency, market embededness and product selling control. A comparative analysis between retailers and manufacturers of private labels was regarded as necessary to learn about their perspectives regarding competition.

Burt and Davies (2010) evaluated that branding in retailing from studies of store brands to the exploration of the retail-er as a brand has been matched with a widening of the conceptualization of the brand in retail research, from the product as a brand to the store as a brand and most recently to the organization as a brand. Hence, this has implications for future research in terms of the themes under investigation, research design, and the research methodologies employed.

Hsu *et al* (2010) revealed that grocery store image was identified by the three key components; merchandise attributes (MEA), store ambience and service (SAS) and marketing attractiveness (MGA). Store image is an important driver of behavioral intentions (BI); its indirect effect through customer satisfaction was found to be substantially greater than its direct effect on BI.

Aurier and Lanauze (2011) highlighted that perceived quality of store brand presented a direct positive effect on brand value and trust-credibility and store brand image expression has direct positive impact on trust-benevolence and affective commitment. Brand manufacturers perceived closeness image with store image has a direct negative impact on trust-credibility. These effects also have significant indirect positive and negative consequences on attitudinal loyalty.

Fornari *et al* (2011) found that empirical results indicate that in there is no clear and strong evidence of decreases in manufacturer brands' assortments, prices, and turnover caused by a proliferation of private labels. In particular, analyzing at the same time all categories and there is not much evidence for the existence of a strategic trade-off between manufacturer's and retailer's brands.

Leischnig *et al* (2011) concluded that there is a strong empirical evidence for the role of in-store events in retailing. More precisely; the results show significant effects between an event's image and customers' satisfaction with the event. Further, the results show a positive relationship between customers' satisfaction with the event and their attitudes toward the retail brand.

Lymperopoulos *et al* (2010) highlighted that the consumer's degree of confidence and pessimism regarding their general economic situation and their trust in retail brands were directly influencing the perceived benefits and indirectly their attitudes and later having a direct impact on their purchase intentions.

Manzur *et al* (2011) suggested that constructs relating to price impact both store brand attitude and national brand promotion attitude, but the strength of these relationships differs. Other shopper characteristics like brand loyalty and store loyalty, have negative and positive effects, respectively. These slight differences suggest that promotions of national brands is a good tool for fighting back store brands, but manufacturers need to design and target these promotions carefully in order to avoid head-to-head competition.

Mullis and Kim (2011) found factors influencing rural consumers' in shopping behaviors and to examine rural retailers' perceptions of the current rural retailing environment. The consumer surveys supported all hypothesized relationships, except the direct effect of community attachment on in shopping intention. The findings of the retailer interviews provided useful insights as to the challenges rural retailers are currently facing.

Ruiz *et al* (2011) study recognises the influence of customer satisfaction, especially satisfaction due to customers' perceptions of certain store attributes, on food retailers' ability

to differentiate themselves from competitors and thereby obtain a stronger position in the minds of consumers, which in turn supports firm survival and repeat-purchase activity.

Watchravesringkan and Punyapiroje (2011) found hypermarket retailers' marketing efforts by exploring consumers' attitudes toward marketing practices, although consumers displayed different attitudes toward retail services, positive advertising, and fair price, they expressed similar attitudes toward business provisions and product quality across samples. Main and interaction effects of a limited number of demographic variables were also identified.

Kremer and Voit (2012) indicated that store brands have a positive impact on the retailer image. The price image of the store brand is positively related to the retailer price image. The values that customers associated with store brands improve the retailer brand image in terms of its values.

The review of above literature indicates that not many studies have been conducted in relation to private brands in India and there is a need to analyse perceptions and factors influencing the purchase of store brands. This study will fill this gap in literature in this context of store brand brands.

CHAPTER III

RESEARCH METHODOLOGY

It is important to decide upon the research methodology well in advance to carry out the research in a most effective and systematic way. This chapter describes the research methodology adopted to serve the objective of the study in an effective manner. The study is descriptive in nature. This chapter consists of five sections namely 'conceptual framework', 'population and sample selection', 'collection of data', 'analysis of data' and 'limitation of the study'. These sections have been discussed below.

3.1 Conceptual framework

The present study aims to examine the consumer perceptions and purchase behavior towards store brands and national brands. National brand (also called manufacturer's brand) is defined as 'a brand created and owned by the producer of a product or service' (Kotler *et al,* 2008) whereas, private labels (also retailer brands) are defined as brands which are owned and sold by the retailer as well as distributed by the retailer'. Retailer brands are also commonly called "store brands" or "own labels". Private labels are usually manufactured by a third party under licensing. (Lincoln and Thomassen, 2008). Also, an attempt would be made to examine the influence of store brand satisfaction and image on the store's image. Satisfaction is a critical measure of a firms' success and has been shown to influence attitude, repurchase, and work-of-mouth communication (Sivadas and Baker-Prewitt, 2000). The stated objectives would be achieved with the help of primary data as well as secondary information.

3.2 Population and sample selection

The population of the study comprised of all the consumers who have used grocery products and apparels of store brands and\or national brands, irrespective of age, gender, occupations, family size and total annual family income. Although, in this study effort has been made to obtain a balanced sample size with respect to above mentioned socio-demographic factors. For this study, product categories selected are grocery (including bakery and dairy), apparels (for men's wear only). For the purpose of present study, a sample of 240 consumers is selected from self-service retailers like Easy Day, Reliance, etc.

3.3 Collection of data

To meet the objective of the study, both primary data and secondary information was collected. For collecting primary data, mall intercept interviews are conducted using a non-disguised and structured questionnaire as the research instrument. Secondary information would be collected from various sources like journals, magazines; internet etc. for the purpose of collection of data a pre-designed, structured and non-disguised questionnaire was used. But, before designing the questionnaire, a desk research was conducted to study the literature available on the subject. Various studies were viewed to have a thorough understanding about various parameter included in questionnaire and accordingly a self-administered and structured questionnaire (as given in appendix was designed to collect information from the respondents.

Questionnaire was developed with help of scales by Lichtenstein *et al* (1993), Goldsmith *et al* (2010), Aurier and Lanauze (2011) and Kremer and Viot (2012) focused on purchase decision involvement. Price perception scale developed by Lichtenstein *et al* (1993) focused on value consciousness, price consciousness, coupon proneness, sale proneness, price mavenism, price-quality schema and prestige sensitivity. Store brand image on the store's image scale by Kremer and Viot (2012) includes price dimension, value dimension, supply dimension and retailer loyalty. At the start-up stage questions were designed to increase interest and understanding of the study. Questions used in the questionnaire are close ended; to guide the research effectively to pre-determined objective. Respondents were asked to provide their response to scale based questions on five-point Likert scale indicating their level of agreement to importance, where 1 as (NI)- Not all Important, 2 as (LI)- Least Important, 3 as (I) –Important, 4 as (VI)- Very Important , 5 as (EI)- Extremely Important.

The questionnaire was pre-tested and suitable modifications were incorporated before the final selection of the text of the questionnaire. Before filling the questionnaire, main objectives of the research were explained to the respondent units. The data collected would then be analyzed with the help of statistical tools like frequency distribution, percentage, mean score, ANOVA and other statistical tools. Following items were developed with the help of previous studies, as shown below.

Table 1. List of items

S No.	Items	Author(s)
1	I evaluate the prices of store brands to get the best value for the money.	Lichtenstein, Netemeyer and Ridgway, 1993
2	I shop at more then one store to take advantage of low prices of store brands.	
3	If a store brand product is on sale that can be a reason for me to buy it.	
4	I'm considered an expert when it comes to knowing the store brand products.	
5	I do not mind purchasing store brand if quality is at par with national brand.	Goldsmith, Flynn, Goldsmith and Stacey, 2010
6	I would prefer buying store brand if price is same as compare of national brand.	
7	Store brands perform well enough to be considered for a purchase.	
8	I feel like a "Smart Buyer "when I buy a Store brand products.	
9	I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)	Aurier and Lanauze 2011
10	Generally, I purchase store brand as the store brand's display clearly expresses its personality.	
11	I purchase store brands as they are reliable in terms of quality and hygiene.	
12	I will not buy any other brand if store brand is available in my required product category.	
13	I consider that store brands are good alternative to national brands.	Kremer and Viot, 2012
14	I would recommend store brand to others as they have low price every day.	
15	I am satisfied from store brands as they provide value for money.	
16	I feel satisfied from store brands as they have large array of products.	
17	I feel store brands have good image as they have appealing packaging.	
18	I have good image of store brands as they meet consumer's needs.	
19	I am satisfied from store brand's sensory qualities such as taste, appearances (freshness)in grocery products.	Goldsmith, Flynn and Stacey, 2010

3.4 Analysis of data

The data collected through questionnaire were converted to master table which facilitated tabulation of data in the desired form. The collected data were then grouped into tables and analysed using various statistical tools like frequency distribution, percentage, mean score, standard deviation, factor analysis, ANOVA and regression.

Mean score:

It was calculated for those questions, where respondents were asked to provide their responses on a 5-point Likert scale. The respondents were asked to indicate their level of agreement/importance regarding various statements/parameters. The weights were given as follows: 5- Strongly agree/Extremely important, 4- Agree/Very important, 3- Neither agree nor disagree/Important, 2- Disagree/Least important, 1- Strongly disagree/Not at all important.

Mean score was calculated using the formula:

$$\text{Mean Score} = (\sum Wi * Fn) / n$$

$i = 1$ to 5

where, Wi = weight attached

Fn = associated frequency

n = number of respondents

Chi-square:

Chi-square test (χ^2) was applied to test the statistical significance of the observed association between rows and columns of contingency tables. Chi-square was calculated by using the formula:

$$\chi^2 = \Sigma [(O-E)^2 / E]$$

Where

O = Observed frequencies

E = Expected frequencies

And $E = n_r n_c / n$

n_r = total number in the row

n_c = total number in the column

n = sample size

ANOVA:

Analysis of variance (ANOVA) is a statistical technique that is used to compare groups on possible differences in the average (mean) of a quantitative (interval or ratio, continuous) measure. Variables that allocate respondents to different groups are called factors; an ANOVA can involve one factor (a one-way design) or multiple factors (a multi-way or factorial design). Using ANOVA, inferences can be made about whether the different samples have been drawn from the populations having the same mean. ANOVA involves determining one estimate of the population variance from the variance among the sample means and second estimate of the population variance from the variance with in the sample.

Further, both the estimates are compared. If both the estimates are approximately equal in value, then the null hypothesis, *i.e.,* sample means do not vary significantly, is accepted. These two estimates of the population variance are compared by computing their ratio, called F statistics.

F = between-column variance/ with-in column variance
Degrees of freedom for numerator = (Number of samples-1)
Degrees of freedom for denominator = (Total sample size – Number of samples)

When samples are not drawn from the populations having the same mean, between-column variance tends to be large than with-in column variance and the value of F-statistics tends to be large. This leads to the rejection of null hypothesis.

Factor Analysis:

A factor is simply a variable or construct that is not directly observable but need to be inferred from the input variables. Factor analysis is conducted to summarise a multitude of measurements with a smaller number of factors without losing too much information.

Firstly, Reliability analysis is conducted by grouping the items. Then, the list of items within each dimension is pruned by examining corrected item-to-total correlations and deleting items whose elimination improved reliability coefficient alpha. We conducted further analyses with the remaining items.

Factor analysis was conducted on these items, using principal component analysis as the extraction method and varimax (with Kaiser normalization) as the rotation method. A series of iterations was went through, each involving elimination of items with low loadings on all factors or high cross-loadings on two or more factors, followed by factor analysis of the remaining items.

Bartlett's test of sphericity is used to determine the hypothesis that variables are uncorrelated in the population implying that each variable has perfect correlation with itself but no correlation with other variables. Factor loadings represent simple correlations between the variables and the factors. Kaiser-Meyer-Olkin (K-M-O) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. The basic un-rotated factor analysis usually employs principal component analysis. Next correlation matrix is communality which shows the amount of variance a variable hares with all the other variables being considered. Eigenvalue represents total variance explained by each factor. Only those components were considered whose eigenvalue was greater than 1. Interpretation is facilitated by identifying the variables that have large loadings on the same factor. In the present study, factor analysis was executed with the help of SPSS software package.

3.5 Limitation of the study

Any study based on survey through questionnaire suffer from the basic limitation of possibility of difference between what is recorded and what is the truth , no matter how carefully the questionnaire has been designed and field investigation has been conducted. This is because respondent may not deliberately report their true perceptions and even if they want to do so, there are bound to be difference owing to problems in filters of communication process. The error has been tried to be minimized by conducting interviews personally, yet there is no way of obviating the possibility of error creeping in.

In addition, there are the following limitations regarding scope of validity of conclusion:

1. This study relates to one city only and relevance of the study may not hold good at national level.
2. This study only includes store brand products in grocery and apparel segments and hence can not be generalized for all of the store brand segments.
3. The information provided by the respondent may not be fully accurate due to unavoidable biases.

CHAPTER – IV

RESULTS AND DISCUSSION

This chapter includes the analysis of primary data collected from the respondents. Respondents were enquired about awareness about store brands and national brands in apparel and grocery products, brand consciousness, perception towards store brands and national brands, purchase behavior and satisfaction. This chapter is divided into five sections as below.

4.1 Profile of the respondent units

In the following section, profile of respondents has been given (Table 2).The respondent characteristics have been studied in terms of gender, age, education qualification, total annual family income, martial status, occupation and household size.

Table 2. Distribution of respondents on the basis of demographic parameters

(N=240)

Demographic parameter	Category	Frequency	
		n	**%age**
Gender	Male	134	55.8
	Female	106	44.2
Age (in Years)	18 - 30	130	54.1
	31- 45	59	24.6
	46-60	51	21.3
Education qualification	High School or Less	81	33.8
	College graduate	80	33.3
	Post-Graduation	79	32.9
Total Annual Family Income (in Indian Rupees)	< 0.2 million	63	26.3
	0.2-0.5 million	58	24.2
	0.5-0.8 million	73	30.3
	>0.8 million	46	19.2
Martial status	Single	103	42.9
	Married	137	57.1
Occupation	Homemaker	47	19.6
	Business	58	24.2
	Salaried	76	31.7
	Student	59	24.5
Household size	Three and below	72	30.0
	Four	113	47.1
	Five Plus	55	22.9

The above table shows that a majority of the respondents (55.8%) were male. Also, 57.1 per cent of the respondents were married while 42.9 percent are single. A majority of respondents (54.2%) were in the age group of 18 - 30 years while 24.6 percent of the respondents were in age group of 31-45 years and 21.3 percent were in age group of 46- 60 years. A large number of respondents (47.1%) have household size of four members, 30 percent have household size of three or less and 22 percent have house hold size of more than five members. In this study 31.7 percent of respondents are salaried class, while 24.6 percent of sample populations are students, followed by business class with 24.2 percent. The finding revealed that 30.4 percent of the respondents have annual family income (Indian rupees) of between 5.1 lakhs and 8 lakhs.

4.1.1 Purchase of store brands

Firstly, respondents were found to be aware of store brand products like great value, george, reliance select and zolo. Further, respondents' preference for branded product was studied, it was found that a large majority of respondents (74.6%) are brand conscious buyers while 25.4 percent of the respondents consider themselves not to be brand conscious buyers. Further, respondents consider brand as an important parameter in the purchase of grocery (having mean score 4.56) and apparel (having mean score 5.25).

The respondents were enquired about purchase of store brands in grocery and apparel products. Table 3 shows the distribution of respondents on the basis of the purchase of store brands in grocery and apparel segment.

Table 3. Distribution of respondents on the basis of purchase of store brands

(N=240)

Product	Yes	No
Grocery	126 (52.5)	114 (47.5)
Apparel	164 (68.3)	76 (31.7)

Figures in parenthesis indicate percentage

The above table shows that, in grocery products, fifty two percent of respondents buy store brands and in apparels, approximately sixty eight percent respondents buy store brands.

Chi-square test was applied to find out the association between demographics of respondent (i.e. age, gender, education qualification, annual income, martial status, occupation, household size) and purchase of apparel store brands products. Table 4 shows distribution of respondent units on the basis of purchase of apparel store brands and age. Finding shows that there is an association between age of the respondent units and purchase of store brand in apparels segment. The value of chi-square was found to be 6.950, which is

significant at 5 percent level and no significant association was found between purchase of store brand and other demographic variables such as education, income, occupation and household size.

Table 4. Distribution of respondents on the basis of purchase of store brands in apparels segment and age

(N=240)

Purchase of store brands	Age (in years)			Total
	18 - 30	31 - 45	46-60	
Yes	98	37	29	164
No	32	22	22	76
Total	130	59	51	240

Calculated chi-square value (6.950) is significant at 5 per cent level of significance (p = 0.031)

4.1.3 Expenditure on grocery items

This section deals with expenditure on grocery and apparel segment. Finding in this regard is given in table 5.

Table 5. Distribution of respondents on the basis of expenditure on grocery and apparel

(N=240)

Monthly expenditure (Indian Rupees)	Grocery	Apparel
	Frequency	Frequency
Less than 2000	65 (27.1)	54 (22.5)
2001-4000	91 (37.9)	90 (37.5)
4001-6000	57 (23.8)	68 (28.3)
6001-8000	15 (6.3)	25 (10.4)
More than 8001	12 (5.0)	3 (1.3)
Total	240 (100.0)	240 (100.0)

Figures in parenthesis indicate percentage

The above table shows that approximately 27 percent of the respondents spend less than rupees 2000 per month on purchase of grocery and apparels each. Approximately 37 percent respondents spend between rupees 2000-4000 on purchase of grocery and apparels per month, while approximately 23 percent of respondents spend between rupees 6000-8000 per month on purchase of grocery and apparels. Further, only 5 percent and 1.3 percent of respondents spend more than rupees 8000 per month on purchase of grocery and apparels per month respectively.

4.2 Perceptions towards various attributes of store brands

In this section respondents were enquired about their perceptions towards store brands and national brands. Findings in this regard are presented below.

Table 6. Perceptions of respondents towards various attributes of store brands

(N=240)

Attributes	Mean Score	Standard Deviation
Product quality	4.20	.78
Price	3.45	.98
Offers and sales promotion	3.30	1.06
Packaging and package size	3.30	.97
In-store display and presentation	3.17	1.09
Brand image	3.17	1.18
Recommendations from friends	3.01	1.10
Advertising	2.95	1.12

The above table shows that the important attributes for perception towards store brand were product quality (4.20), price (3.45), offers and sales promotions (3.30), packaging and package size (3.30), in-store display and presentation (3.17), brand image (3.17) and recommendations from friends (3.01).

Table 7. Perception of respondents towards various attributes of store brands

(N=240)

Attributes	Age			Education			Income (Rs.)			
	18-30 (n=130)	31-45 (n=59)	46-60 (n=51)	High School or less (n=81)	College Graduate (n=80)	Post-Graduation (n=79)	< 0. 2 million (n=63)	0.2-0.5 million (n=58)	0.5-0.8 million (n=70)	>0.8 million (n=49)
Product quality	4.33	4.00	4.10	4.27	4.18	4.15	4.30	4.33	4.14	4.00
Price	3.48	3.36	3.47	3.47	3.37	3.49	3.40	3.38	3.49	3.52
Offers and sales promotion	3.32	3.29	3.29	3.26	3.31	3.34	3.51	3.16	3.21	3.37
Packaging and package size	3.34	3.39	3.10	3.32	3.29	3.29	3.17	3.50	3.38	3.09
In-store display and presentation	3.16	3.32	3.00	3.06	3.22	3.22	3.10	3.14	3.16	3.30
Brand image	3.26	3.17	2.92	2.89	3.09	3.53	2.94	3.36	3.16	3.24
Recommenda-tions from friends	3.09	2.93	2.88	2.81	3.14	3.08	3.10	2.84	3.10	2.96
Advertising	3.02	2.90	2.80	2.70	3.03	3.11	2.97	2.81	2.93	3.11

Table 8. Perception of respondents towards various attributes of store brands

(N=240)

Attributes	**Household size**			**Occupation**			
	Three or less (n=72)	Four (n=113)	More than four (n=55)	Home maker (n=47)	Business (n=58)	Salaried (n=76)	Student (n=59)
Product quality	4.17	4.26	4.13	4.11	4.07	4.29	4.29
Price	3.51	3.27	3.71	3.45	3.59	3.46	3.29
Offers and Sales promotion	3.35	3.35	3.16	3.34	3.47	3.16	3.31
Packaging and package size	3.25	3.31	3.35	3.21	3.29	3.37	3.29
In-store display and presentation	3.28	3.11	3.15	3.19	2.93	3.17	3.37
Brand image	3.12	3.21	3.13	3.13	3.14	3.08	3.34
Recommendations from friends	3.06	3.02	2.93	2.81	3.02	3.05	3.10
Advertising	2.87	2.96	3.00	2.81	3.03	2.82	3.14

Table 9. Difference in perceptions towards various attributes of store brands

(N=240)

Attributes	**Age**		**Household Size**		**Occupation**		**Education**		**Income**	
	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.
Product quality	3.34	.037*	.46	.627	1.08	.368	.41	.662	1.60	.189
Price	.32	.722	3.95	.020*	.90	.440	.32	.725	.28	.836
Offers and Sales promotion	.01	.984	.62	.536	.94	.419	.12	.884	1.43	.234
Packaging and package size	1.44	.238	.15	.854	.25	.861	.02	.972	2.08	.102
In-store display and presentation	1.18	.308	.55	.578	1.60	.188	.55	.572	.34	.795
Brand image	1.51	.222	.15	.854	.58	.628	6.43	.002*	1.38	.249
Recommenda-tions from friends	.85	.428	.21	.804	.69	.555	1.96	.142	.74	.528
Advertising	.76	.465	.22	.801	1.26	.287	3.02	.050	.61	.606

* $p<0.05$

From the table 9, significant differences have been found towards product quality among respondents belonging to different age categories. Respondents in 18-30 years age group consider product quality as more important attribute of store brand as compared to consumers from other groups. Further, significant differences have been found towards price, respondents of house hold size more than five consider price as important attribute. Respondents also showed significant differences towards brand image. Respondents with post graduation consider brand image as important attribute. This finding is in line with previous research conducted by Lybeck *et al* (2006) which reports that the middle aged and more educated are more store-brand prone than others.

Table 10. Perceptions of respondents towards various attributes of national brands

(N=240)

Attributes	**Mean Score**	**Standard Deviation**
Product quality	4.20	.74
Brand image	3.74	1.12
Price	3.61	.92
Offers and sales promotion	3.53	1.05
Packaging and package size	3.40	1.03
In-store display and presentation	3.37	1.09
Advertising	3.31	1.21
Recommendations from friends	3.08	1.03

The above table shows that the important attributes for perception towards national brand were product quality (4.20), brand image (3.74), price (3.61), offers and sales promotions (3.53), packaging , package size (3.40), In-store display and presentation (3.37), advertising' (3.31) and recommendations from friends (3.08).

From the table 13, significant differences have been found towards price among respondents belonging to different educational and income groups. Respondents with high school education and income below rupees five lakhs consider price as important attribute as compared to consumers from other groups. Further, significant differences have been found towards advertising, respondents of salaried group consider advertising as important attribute. Respondents also showed significant differences towards brand image. Respondents with household size of four consider brand image as important attribute.

Table 11. Perception of respondents towards various attributes of national brands

(N=240)

Attributes	Age			Education			Income (Rs.)			
	18-30 (n=130)	31-45 (n=59)	46-60 (n=51)	High School or less (n=81)	College Graduate (n=80)	Post-Graduation (n=79)	<0. 2 million (n=63)	0.21-0.5 million (n=58)	0.51-0.8 million (n=70)	> 0.8 million (n=49)
Product quality	4.20	4.15	4.25	4.10	4.19	4.32	4.08	4.41	4.11	4.24
Brand image	3.73	3.83	3.65	3.68	3.77	3.76	3.52	3.91	3.71	3.85
Price	3.59	3.56	3.71	3.83	3.45	3.54	3.65	3.66	3.55	3.59
Offers and sales promotions	3.56	3.36	3.65	3.48	3.60	3.51	3.75	3.31	3.51	3.54
Packaging and package size	3.32	3.49	3.47	3.37	3.34	3.48	3.40	3.43	3.34	3.43
In-store display and presentation	3.43	3.36	3.22	3.31	3.38	3.42	3.27	3.48	3.29	3.48
Advertising	3.32	3.41	3.18	3.14	3.45	3.34	3.14	3.29	3.34	3.50
Recommenda-tions from friends	3.13	2.95	3.10	2.95	3.21	3.08	3.03	3.10	3.05	3.15

Table 12. Perception of respondents towards various attributes of national brands

(N=240)

Attributes	Household size			Occupation			
	Three And Below (n=72)	Four (n=113)	Five Plus (n=55)	Home maker (n=47)	Business (n=58)	Salaried (n=76)	Student (n=59)
Product quality	4.28	4.16	4.18	4.11	4.14	4.18	4.36
Brand image	3.39	3.98	3.69	3.81	3.66	3.63	3.90
Price	3.58	3.61	3.64	3.57	3.66	3.64	3.54
Offers and sales promotions	3.53	3.53	3.53	3.62	3.62	3.41	3.53
Packaging and package size	3.32	3.42	3.44	3.45	3.36	3.38	3.41
In-store display and presentation	3.32	3.45	3.25	3.21	3.31	3.29	3.64
Advertising	3.11	3.40	3.38	3.00	3.17	3.38	3.59
Recommendations from friends	3.04	3.19	2.91	2.94	2.95	3.18	3.19

Table 13. Difference in perceptions towards various attributes of national brands

(N=240)

Attributes	Age		Household Size		Occupation		Education		Income	
	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.
Product quality	.200	.819	.447	.640	.976	.405	1.346	.262	2.005	.114
Brand image	.367	.693	6.462	.002*	.790	.500	.168	.846	1.399	.244
Price	.383	.682	.051	.950	.207	.891	3.697	.026*	.203	.894
Offers and Sales promotion	1.178	.310	.000	1.00	.587	.624	.280	.756	1.751	.157
Packaging and package size	.706	.494	.281	.755	.065	.978	.418	.659	.108	.955
In-store display and presentation	.711	.492	.693	.501	1.771	.153	.201	.818	.667	.573
Advertising	.491	.613	1.353	.260	2.452	.064**	1.386	.252	.786	.503
Recommendations from friends	.640	.528	1.409	.247	1.093	.353	1.305	.273	.144	.933

* p<005 **p<.0.10

From tables 6 to 13, results shows that for store brand products important attributes were quality, price, offer and sales promotion, packaging and package size (with mean score above 3.30) while, for national brand products important attributes were quality, brand image, price, offer and sales promotion, packaging and package size, in-store presentation and advertising (with mean score 3.30).

. **4.3 Factors influencing the purchase of store brands**

Respondents were also enquired about factors influencing purchase of store brands and respondents were asked to rate different factors influencing the purchase of store brands on a five-point Likert scale. The main emphasis of this study is to analyze factors influencing the purchase of store brands. Factor analysis using principal component method was performed to generate the factors influencing purchase of store brands. Finding in this regard have been in tables 14 to 18.

Mean score analysis (table 14) shows that the respondents perceive value for money (3.69), quality (3.67), in-store display (3.39), presentation (3.28), performance (3.28), low price (3.26), smart buyer (3.18) and reliability (3.09) as important parameters influencing the purchase of store brand products.

Table 14. Level of agreement of respondents towards various parameters influencing purchase of store brands

(N=240)

S. No.	Parameters	Mean score	SD
1	I evaluate the prices of store brands to get the best value for the money.	3.69	.94
2	I do not mind purchasing store brand if quality is at par with national brand.	3.67	1.10
3	Generally, I purchase store brand as the store brand's display clearly expresses its personality.	3.39	1.03
4	I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)	3.28	.99
5	Store brands perform well enough to be considered for a purchase.	3.28	.95
6	I shop at more then one store to take advantage of low prices of store brands.	3.26	1.10
7	I feel like a Smart Buyer when I buy Store brand products.	3.18	1.01
8	If a Store brand product is on sale that can be a reason for me to buy it.	3.18	.98
9	I purchase store brands as they are reliable in terms of quality	3.09	1.05
10	I always try to buy store brand as it is best choice for me.	3.00	1.09
11	I'm considered an expert when it comes to knowing the prices of the store brand products.	2.96	1.03
12	I would prefer buying store brand if price is same as compared to the national brand.	2.93	1.18
13	I evaluate the prices of store brands to get the best value for the money.	2.93	1.08
14	I will not buy any other brand if store brand is available in my required product category.	2.90	1.03

Further, to identify the major factors influencing the purchase of store brands, factor analysis was performed. Items were checked for reliability and validity and then inter item-total correlation was analyzed. In order to test the suitability of data for factor analysis, correlation matrix was computed which depicted that there were sufficient correlations to carry out factor analysis..

Kaiser-Meyer-Olkin Measure of sampling adequacy and Bartlett's test of sphericity (as shown in Table 15) favored the appropriateness of factor analysis. K-M-O value for this study was 0.762. Bartlett's test of sphericity was used to test the hypothesis that the variables were uncorrelated in the population. A large value of the test statistic (as shown in table 15) favored the rejection of null hypothesis and showed that statistically significant number of correlations existed among the variables.

Table 15. K-M-O and Bartlett's Test of sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	522.906
	df	78
	Sig.	.000

Further, reliability analysis was done to check out the reliability of coefficients i.e. statements and the reliability value (cronbach alpha) came out to be 0.762 which is above the recommended lower limit of 0.70.

The data obtained were executed with factor analysis using principle component analysis utilizing varimax rotation method with Kaiser Normalization in order to reduce the information in many variables into a set of weighted linear combinations of those variables. Factor analysis helped in determining the latent variables which were contributing to the common variance in a set of measured variables. In factor analysis only those variables were considered whose eigenvalue was greater than 1.

Table 16. Total variance explained

Component	**Initial Eigen values**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.383	26.024	26.024	3.383	26.024	26.024	2.065	15.887	15.887
2	1.395	10.728	36.752	1.395	10.728	36.752	1.707	13.133	29.020
3	1.177	10.728	45.809	1.177	9.058	45.809	1.653	12.718	41.737
4	1.099	8.453	54.262	1.099	8.453	54.262	1.628	12.525	54.262
5	.997	7.669	61.932						
6	.806	6.199	68.131						
7	.770	5.924	74.055						
8	.738	5.676	79.730						
9	.616	4.739	84.469						
10	.598	4.603	89.072						
11	.551	4.239	93.311						
12	.452	3.478	96.789						
13	.417	3.211	100.000						

Extraction Method: Principal Component Analysis.

Table 16 shows the application of principal component analysis. Table 16 shows that extraction sums of squared loadings yield first 4 components, accounting for 54.262 per cent of the total variance. Component 1 accounts for 15.887 per cent of the total variance, component 2 accounts for 13.133 per cent of the total variance, component 3 explains 12.718

per cent of the total variance and component 4 explains 12.525 per cent of the total variance. Further, rotation sum of squared loadings were calculated.

Resultant output matrix (as shown in table 17) shows factors extracted along with attributes, percentage of variance covered, respective eigen values and factor loadings. Only variables with factor loading greater than 0.5 have been considered for evaluation purpose.

Table 17. Rotated Component Matrix[a]

Parameters	Component			
	I	II	III	IV
V12-I purchase store brands as they are reliable in terms of quality	**.751**	.032	.224	-.016
V10-I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)	**.725**	.139	-.022	.018
V13-I always try to buy store brand as it is best choice for me.	**.633**	.093	.006	.191
V11-Generally, I purchase store brand as the store brand's display clearly expresses its personality.	**.573**	.009	.330	.252
V15-I consider that store brands are good alternative to national brands.[b]	.314	.098	.304	.279
V5-If a Store brand product is on sale that can be a reason for me to buy it.	.079	**.853**	.025	-.066
V3-I shop at more then one store to take advantage of low prices of store brands.	.045	**.699**	.333	.131
V9-I feel like a "Smart Buyer "when I buy Store brand products.	.174	**.590**	-.031	.300
V1-I evaluate the prices of store brands to get the best value for the money.	.087	.038	**.758**	.142
V2-I do not mind purchasing store brand if quality is at par with national brand.	.141	.124	**.702**	-.046
V14-I will not buy any other brand if store brand is available in my required product category.	.037	.032	.156	**.721**
V7-I would prefer buying store brand if price is same as compared to the national brand.	.282	.076	-.210	**.662**
V8-Store brands perform well enough to be considered for a purchase.	.043	.282	.392	**.598**

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 5 iterations
b. ignored due to lower value than 0.5

Table 18. Resultant Output Matrix

Factor	Attributes	Factor Loading	Variance covered (%)	Eigen value
Store brand quality and display	I purchase store brands as they are reliable in terms of quality.	.751	15.887	2.065
	I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)	.725		
	I always try to buy store brand as it is best choice for me.	.633		
	Generally, I purchase store brand as the store brand's display clearly expresses its personality.	.573		
Price and sales promotion	If a Store brand product is on sale that can be a reason for me to buy it.	.853	13.133	1.707
	I shop at more then one store to take advantage of low prices of store brands.	.699		
	I feel like a "Smart Buyer "when I buy Store brand products.	.590		
Value for money	I evaluate the prices of store brands to get the best value for the money.	.758	12.718	1.653
	I do not mind purchasing store brand if quality is at par with national brand.	.702		
Availability and store brand performance	I will not buy any other brand if store brand is available in my required product category.	.721	12.525	1.628
	I would prefer buying store brand if price is same as compared to the national brand.	.662		
	Store brands perform well enough to be considered for a purchase.	.598		

The first component explaining 15.887 percent of variance, was named as 'store brand quality and display' as items namely 'I purchase store brands as they are reliable in terms of quality and hygiene', 'I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)', 'I always try to buy store brand as it is best choice for me', and 'Generally, I purchase store brand as the store brand's display clearly expresses its personality' loaded on this factor. Factor 1 was treated as 'Store brand Quality and Display' because it was the quality of product and display which is driving people to buy a store brand product. This finding is in line with an earlier study conducted by Aurier and Lanauze (2011) which reported that quality of store brand presented a direct positive effect on brand value.

Factor 2 was termed as 'Price and Sale promotion' explaining 13.113 percent of variance with items namely 'If a Store brand product is on sale that can be a reason for me to buy it', 'I shop at more then one store to take advantage of low prices of store brands' and 'I feel like a "smart buyer" when I buy Store brand products' loaded on this factor. This factor was termed as 'Price and Sale promotion' as consumer prefer store brand products because of the low price and sale promotion events by store brands. This finding is in line with an earlier study conducted by Glynn and Chen (2009) which reported that price consciousness and price-quality association influence consumer proneness to buy private brands.

Component 3 explaining 12.718 percent of variance was named as 'value for money' as items namely 'I evaluate the prices of store brands to get the best value for the money', and 'I do not mind purchasing store brand if quality is at par with national brand' loaded on to this factor. This factor was termed as 'value for money' because as consumer consider quality and value for money important factors during purchase. This finding is in line with an earlier study conducted by Kremer and Voit (2012) which found that price image of the store brand is positively related to the retailer price image. The values that customers associated with store brands improve the retailer brand image in terms of its values.

Items namely 'I will not buy any other brand if store brand is available in my required product category', 'I would prefer buying store brand if price is same as compared to the national brand' and 'Store brands perform well enough to be considered for a purchase' loaded on to factor 4 and it was termed as 'Availability and Store brand performance' explaining 12.525 per cent of the variation. This factor was termed as 'Availability and Store brand performance' as it is the price along with performance and availability of products during purchase which motivate consumers to purchase store brand products. This finding is in line with an earlier study conducted by Hsu *et al* (2010) which reported that three key components: merchandise attributes, store ambience and service and marketing attractiveness have direct influence on purchase.

Thus the above analysis reveals that store brand quality and display, price and sale promotion, value for money, availability and store brand performance were the main reasons governing choice store brands. These 4 factors explained 54.262 per cent of the variation which was quite satisfactory.

4.4 Parameters influencing the purchase of National brands

Respondents were enquired about parameters influencing the purchase of national brand and they were asked to rate different statements on a five-point likert scale.

Table 19. Level of agreement of respondent towards various statements regarding their choice of using national brand

(N =240)

S. No.	Statement	Mean score	Standard deviation
1	Quality	3.63	1.01
2	Sale Promotion	3.59	1.04
3	Value for money	3.51	.95
4	Availability	3.47	1.01
5	Display	3.07	1.11

Mean score analysis (table19) shows that the respondents perceive quality (3.63), sale promotion (3.59), value for money (3.51), availability (3.47) and display (3.07) are important parameters influencing the purchase of national brand.

Table 20. Level of agreement of respondent towards various statements regarding their choice of using national brand

(N=240)

Attributes	Age			Education			Income (Rs.)			
	18-30 (n=130)	31-45 (n=59)	46-60 (n=51)	High School or less (n=81)	College Graduate (n=80)	Post-Graduation (n=79)	<0. 2 million (n=63)	0.21-0.5 million (n=58)	0.51-0.8 million (n=70)	> 0.8 million (n=49)
Quality	3.56	3.75	3.67	3.56	3.53	3.81	3.37	3.60	3.64	4.00
Sale promotion	3.47	3.80	3.67	3.52	3.63	3.63	3.43	3.88	3.52	3.57
Value for money	3.52	3.49	3.49	3.57	3.49	3.47	3.30	3.60	3.56	3.59
Availability	3.49	3.59	3.27	3.35	3.51	3.56	3.51	3.34	3.45	3.61
Display	3.02	3.19	3.08	3.14	2.87	3.20	3.02	2.93	3.07	3.33

Table 21. Level of agreement of respondent towards various statements regarding their choice of using national brand

(N=240)

Attributes	Household size			Occupation			
	Three or less (n=72)	Four (n=113)	More than four (n=55)	Home maker (n=47)	Business (n=58)	Salaried (n=76)	Student (n=59)
Quality	3.65	3.61	3.64	3.94	3.57	3.58	3.51
Sale promotion	3.49	3.72	3.47	3.60	3.47	3.53	3.80
Value for money	3.36	3.62	3.47	3.57	3.55	3.46	3.47
Availability	3.57	3.47	3.35	3.49	3.36	3.46	3.58
Display	3.14	3.04	3.04	3.21	3.07	2.89	3.19

Table 22 reveals significant differences towards quality among respondents belonging to different income groups. Respondents with higher income level consider quality as more important attribute of national brand as compared to consumers from other groups. This finding is in line with an earlier study conducted by Cheng *et al* (2007).

Table 22. Difference in responses regarding parameters influences the national brands

(N=240)

Attributes	**Age**		**Household Size**		**Occupation**		**Education**		**Income**	
	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.
Quality	.712	.492	.039	.961	1.863	.137	1.906	.151	3.603	.014*
Sale promotion	2.188	.114	1.547	.215	1.144	.332	.300	.741	2.137	.096
Value for money	.033	.967	1.653	.194	.199	.897	.242	.785	1.349	.259
Availability	1.419	.244	.759	.469	.440	.725	.969	.381	.615	.606
Display	.479	.620	.192	.825	1.104	.348	1.946	.145	1.166	.323

* $p<0.05$

4.5 Store brand satisfaction and store brand image

In this section respondents were asked to rate different statements influencing the satisfaction from store brands on a five point likert scale as 'Strongly Agree', 'Agree', 'Neither Agree nor Disagree', 'Disagree', 'Strongly Disagree'.

Table 23. Responses regarding store brand satisfaction and store brand image

(N=240)

Statement	**Mean score**	**Standard deviation**
I feel satisfied from store brands as they have large array of products.	3.39	.870
I am satisfied from store brand's sensory qualities such as taste, freshness in grocery products.	3.35	.995
I am satisfied from store brands as they provide value for money.	3.27	1.001
I have good image of store brands as they meet consumer's needs.	3.25	1.000
I would recommend store brand to others as they have low price every day.	2.95	1.007
I feel store brands have good image as they have appealing packaging.	2.89	.971

The above table shows that important parameters influencing consumer satisfaction towards store brands were products variety (3.39), sensory qualities (3.35), value for money (3.27) and satisfaction (3.25). This finding is in line with an earlier study conducted by Jin and Suh (2005)

4.5.1 Parameters influencing the store choice

In this section respondents were asked to rate different statements influencing the satisfaction from store on a five point likert scale as 'Strongly Agree', 'Agree', 'Neither Agree nor Disagree', 'Disagree', 'Strongly Disagree'.

Table 24. Responses regarding parameters influencing store choice

(N=240)

Statement	Mean score	Standard deviation
Product variety	4.01	.83
Customer service	3.93	.88
Safety	3.90	.95
In- store environment	3.78	.91
Parking facilities	3.72	1.09
Billing time	3.60	.95
Store location	3.43	.98

Parameters influencing store choice were product variety (4.01), customer services (3.93), safety and security (3.90), in-store environment (3.78), parking facilities (3.72), billing time (3.60) and store location (3.43).

Table 25. Level of agreement of respondent towards stores' satisfaction and image

(N=240)

Attributes	Age			Education			Income (Rs.)			
	18-30 (n=130)	31-45 (n=59)	46-60 (n=51)	High School or less (n=81)	College Graduate (n=80)	Post-Graduation (n=79)	<0. 2 million (n=63)	0.21-0.5 million (n=58)	0.51-0.8 million (n=70)	> 0.8 million (n=49)
Product variety	4.05	4.00	3.94	4.01	3.86	4.16	4.14	4.07	3.79	4.11
Customer service	3.98	3.92	3.82	3.84	3.80	4.16	3.83	3.97	3.97	3.98
Safety	3.91	3.93	3.84	3.90	3.70	4.10	3.83	3.83	3.99	3.96
In- store environment	3.83	3.75	3.69	3.78	3.70	3.86	3.83	3.59	3.86	3.83
Parking facilities	3.68	3.66	3.86	3.70	3.59	3.86	3.48	3.81	3.67	4.00
Billing time	3.50	3.69	3.75	3.58	3.40	3.82	3.30	3.71	3.74	3.65
Store location	3.49	3.32	3.39	3.27	3.43	3.59	3.48	3.33	3.40	3.54

Table 26. Level of agreement of respondent towards stores' satisfaction and image

(N=240)

Attributes	Household size			Occupation			
	Three or less (n=72)	Four (n=113)	More than four (n=55)	Home maker (n=47)	Business (n=58)	Salaried (n=76)	Student (n=59)
Product variety	4.12	3.89	4.11	4.11	4.05	3.89	4.05
Customer service	3.96	3.94	3.89	4.13	3.88	3.82	3.98
Safety	3.72	3.96	4.02	3.89	3.79	4.01	3.86
In- store environment	3.85	3.71	3.84	3.96	3.84	3.59	3.81
Parking facilities	3.58	3.68	3.96	4.00	3.50	3.70	3.73
Billing time	3.50	3.50	3.95	3.87	3.48	3.58	3.53
Store location	3.53	3.32	3.53	3.38	3.40	3.53	3.37

Table 27. Difference in responses regarding parameters influencing store choice

(N=240)

Attributes	Age		Household Size		Occupation		Education		Income	
	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.	F-value	Sig.
Products variety	.300	.741	2.207	.112	.792	.499	2.664	.072	2.535	.058
Customer service	.622	.538	.093	.911	1.344	.261	4.173	.017*	.423	.737
Safety	.127	.880	1.878	.155	.624	.600	3.591	.029*	.489	.690
In-store environment	.509	.602	.649	.523	1.806	.147	.614	.542	1.165	.324
Parking facilities	.583	.559	2.007	.137	1.834	.142	1.248	.289	2.257	.083
Billing time	1.619	.200	4.873	.008*	1.732	.161	4.066	.018*	2.962	.033*
Store location	.653	.521	1.356	.260	.365	.778	2.187	.114	.485	.693

* $p<0.05$

Table 27 shows that significant differences have been found towards billing time among respondents belonging to different household size, education and income groups. Respondents with household size above five, education qualification of post-graduate and income group of rupees five lakhs to eight lakhs consider billing time as more important attribute for store choice as compared to consumers from other groups. Further significant differences have been found towards customer service, and safety, respondents with post-graduate qualification consider them an important parameter. This finding is in line with an earlier study conducted by Lybeck *et al* (2006) which reported that the middle aged and more educated are satisfied from store-brand products and they more prone than others.

Also an attempt was made to find out the influence of store brand satisfaction and store brand image on store image. The study found that consumer feel satisfied from a store when they get a large array of products with good sensory qualities along with value for money. Study also found that retailers can give good customer services, safe environment, good in-store environment, easy access to parking facilities, low billing time and convenient store location to increase satisfaction and stores' image. This finding is in line with an earlier study conducted by Baltas and Argouslidis (2007), Hsu *et al* (2010), Manzur *et al* (2011) and Kremer and Voit (2012) which also reported that store brands can influence the brand image of the retailer and the image transfer operates according to three dimensions: a price dimension (including price level and value for money), a supply dimension (including range, product quality and packaging) and a values dimension (including environmental concerns, protection of the customers' interests, commitment to sustainable development, proximity and convenience).

4.5 Discussion

Respondents were largely found (74.6 per cent) to be brand conscious buyers, further respondents considered brand as important parameter in the purchase of grocery (mean score 4.56) and apparels (mean score 5.25). Majority of the respondents (74.8 per cent) were found to aware of store brand grocery products, while only 25.2 percent were aware of store brand apparels. Therefore retailers must create a brand image to exploit these brand conscious buyers. This finding is in line with an earlier study conducted by Burt and Davies (2010)

The first objective of the study was to determine consumer perceptions towards store brands and national brands in selected product categories. It was found that during the study that availability of good quality store brands at appropriate prices influence the consumer perception. This finding is in line with an earlier study conducted by Baltas and Argouslidis (2007) which also reported that store brand preferences derive from a broader evaluation process, in which quality has the most significant role. Further, mean score analysis for store brand products revealed that the important attributes for perception towards store brand were product quality, price, offers and sales promotions, packaging and package size, in-store display and presentation, brand image and recommendations from friends. Therefore, retailers can increase sales by providing good quality and value for money products along with effective communication through good packaging. The findings are in line with an earlier study conducted by Lichtenstein *et al* (1993) which found three most relevant attributes of price-quality related variables are price consciousness and value consciousness.

The study also highlighted that brand image and advertising are important parameters. National products therefore; national brand manufactures should build a strong brand image though advertising. Also, other important attributes for national brands were product quality, brand image, price, offers and sales promotions, packaging and package size, in-store display and presentation, advertising and recommendations from friends. Findings are supported by Cheng *et al* (2007) which reported that on the whole national brand were perceived as significantly superior to store brands. Further, one way ANOVA highlighted that there are significant differences in the perceptions towards store brand and national brand products. Significant difference was observed for age and product quality. Result also found significant difference for education and brand image. Further, significant difference was also observed for price and household size in store brand category. While, in national brand category there was a significant difference in perception towards brand image and household size. Significant difference was also found for price and education. Further, significant difference was also observed for advertising and occupation in. This finding supports the views of Lybeck *et al* (2006) which reported that the middle aged and more educated are more store-brand prone than others.

The second objective of the study was to analyze the factors influencing the consumer purchase of store brands. It was found that during the study that majority of the respondents consider value for money, quality, in-store display, presentation, performance, low prices, smart buyer and reliability as important parameters. This finding is in line with an earlier study conducted by Glynn and Chen (2009) which indicated that quality variability, price consciousness and price-quality association brand influence consumer proneness to buy private brands. Further, the results of factor analysis suggest that store brand quality and display, price and sale promotion, value for money, availability and store brand performance were the major factors governing choice of store brands. This finding is in line with an earlier study conducted by Hoch and Banerji (1993) and Jin and Suh (2005) which found that consumer characteristic variables (price consciousness, value consciousness) influence private brand attitude and purchase intention. As consumer consider store brand quality and display as the most important parameter for purchase of store brand products, retailers can increase their sales by providing a good quality product along with attractive presentation. Findings support the study by Leischnig et al (2011) which also reported that there is a strong empirical evidence for the role of in-store events in retailing.

Also, sales promotional events motivated consumers to buy a store brands as consumer feel that they have buyed a quality product on low price i.e they have struck a good deal and consumer feel like a smart buyer. This finding is in line with an earlier study

conducted by Glynn and Chen (2009) which also reported that value of a private brand appeals to the price conscious consumer. Manufacturers should try to build brand loyalty along with giving emphasis on price consciousness. Availability of store brand products during shopping was other important factor, supported by Kremer and Voit (2012).

The third objective of the study was to identify the influence of store brand satisfaction and image on the stores' image. The study found that value for money, a large array of products, good customer services, safe environment, good in-store environment, easy access to parking facilities, low billing time and convenient store location increases consumers' satisfaction and stores' image. This finding support the views of Kremer and Voit (2012) which also reported that store brands can influence the brand image of the retailer and the image transfer operates according: price dimension, supply dimension and values dimension.

CHAPTER V

SUMMARY

In this chapter, a brief summary of the study has been presented, so as to understand the implications of the findings. The chapter also discusses recommendations and scope of the study.

5.1 Summary

An important aspect of the current economic scenario in India is the emergence of organized retail. The retail sector is expanding and modernizing rapidly in line with India's economic growth. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. (Joseph *et al,* 2008).

The recent wave of reforms by the Government to incentivize Foreign Direct Investment (FDI) in various sectors is bringing a new zeal to the investment climate in India. One of the most debated reforms is the policy for allowing 51 per cent FDI in multi-brand retail. Deloitte's paper published in September 2011, "Embracing a new trajectory" analyzed various retail sub-segments in terms of their growth potential and penetration of organized retail. Food and Grocery retail and Apparel retail emerged as the most lucrative segments because of their large market size and high growth. Organized retail, which constitutes 8 per cent of the total retail market, will grow much faster than traditional retail. It is expected to gain a higher share in the growing pie of the retail market in India. Various estimates put the share of organized retail as 20 per cent by 2020. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by Apparel and Mobile segment. Within the organized retail sector, Apparel is the largest segment. "Food and Grocery" and "Mobile and telecom" are the other major contributors to this segment.

Consumers have been exposed to a new concept of private label retailing and studies have shown that academic and commercial interest in private brand has been increasing in recent years (Burt, 2000). For retail chains, the development of private brands is viewed as a strategy for improving store image and profitability (Quelch and Harding, 1996). In particular, due to low-marketing expenditures and supply prices, retailers can make higher margins on store brands while retaining competitive consumer prices (Corstjens *et al,* 1995).

National brand (also called manufacturer's brand) is defined as 'a brand created and owned by the producer of a product or service' (Kotler *et al,* 2008) whereas, private labels (

also retailer brands) are defined as brands which are owned and sold by the retailer as well as distributed by the retailer'. Retailer brands are also commonly called "store brands" or "own labels". So the present study was undertaken to achieve the following specific objectives:

1. To study consumer perceptions towards store brands and national brands in selected product categories
2. To analyse consumer purchase behavior of store brands and national brands in selected product categories
3. To study the influence of store brand satisfaction and image on the store's image in selected product categories

The population of the study comprised of all the consumers who have used grocery products and apparels of store brands and\or national brands. A effort has been made to obtain a balanced sample size with respect to socio-demographic factors. For this study, product categories selected are grocery (including bakery and dairy), apparels (for men's wear only). For the purpose of present study, a sample of 240 consumers is selected from self-service retailers like Easy Day, Reliance, etc.

To meet the objectives of the study, primary data and secondary information were collected. Primary data were collected through a pre-designed, structured and non-disguised questionnaire. Questions were specifically designed to get in-depth information about the profile of the respondent units, awareness level of respondent. Questions related to factors influencing perception, purchase behaviour and satisfaction were asked. Respondent units were also asked multiple choice, dichotomous and scale based questions. For scale based questions, respondents were asked to provide their responses on a scale of 1 to 5 where '1' represented 'strongly disagree' and '5' as 'strongly agree'. The data collected were analyzed using appropriate statistical tools like percentages, mean score, chi-square test and factor analysis.

5.2 Findings of the study

This section deals with findings and conclusions drawn from the study.

5.2.1 Awareness about store brand products

- Respondents were largely found (74.6 per cent) to be brand conscious buyers.
- Results revealed that respondents considered brand as important parameter in the purchase of grocery (mean score .53) and apparels (mean score .68).

- Majority of the respondents (74.8 per cent) were found to be aware of store brand grocery products.

5.2.2 Perceptions of respondents towards various attributes of store brand and national brands

- Majority of the respondent considered product quality as the major factor with mean score above 4.
- Results revealed that there is significant difference in the perception towards store brand and national brand products.
- Important factors for perception towards store brand were product quality, price, offers and sales promotions, packaging and package size, In-store display and presentation, brand image and recommendations from friends.
- The study also shows that brand image and advertising are an important parameter for national brand products.
- Results found that important factors for perception towards national brand were product quality, brand image, price, offers and sales promotions, packaging and package size, In-store display and presentation, advertising and recommendations from friends.
- Results revealed there is a difference in perception towards store brand in age and product quality, education and brand image, price and household size in store brand category.
- In case of national brands there was a significant difference in perception towards brand image and household size, price and education, advertising and occupation .

5.2.3 Factors influencing purchase of store brands and national brands

- The results of the study indicated that majority of the respondent consider value for money, quality, in-store display, loyalty, presentation, performance, low price, reliability as important parameters.
- Results revealed that store brand quality and display, price and sale promotion, value for money, availability and store brand performance were the main reasons governing choice store brands.
- The study shows that respondents consider a combination of good quality, low price and nice presentation as the motivational factor for purchase of store brand products.
- Findings revealed that sale promotional events motivated consumers to buy a store brand product as consumer feel that they have buyed a quality product on low price i.e they have struck a good deal and consumer feel like a smart buyer.

- It was found that along with value for money and performance of store brands, availability of store brand products during shopping was important parameter.

5.2.4 Store brand satisfaction and Image

The findings of the study revealed that consumer feel satisfied from a store due to following factors:

- The results highlighted that consumers feel satisfied with availability of large array of products.
- Findings revealed that sensory qualities of products lead to customer satisfaction.
- The study shows that value for money will help in building customer satisfaction.
- Better customer services and low billing time increase customers' store brand satisfaction and image
- The study revealed that security and better in-store environment lead to good store image.
- The study shows that easy access to parking facilities and convenient store location increase stores' image.

5.2.5 Conclusions

Thus present study revealed that the majority of respondents were aware of store brand products. Study also found that most of the respondents were brand conscious buyers and they perceive quality as most important parameter for store brand products, while for national brand products, brand image and advertising was considered more important. Further, during purchase of store brand products respondents consider quality, value for money and in-store display as important factors. Majority of the respondents consider variety of product availability, value for money, in- store presentation, good customer service, low billing time and convenient store location as important parameter for store brand satisfaction and image.

5.3 Recommendations of the study

Majority of respondents were found to be brand conscious buyers. Therefore, steps should be taken to enhance the brand image of store brand products. Awareness might be created by launching a promotional program on community radio, T.V, etc. As quality was found to be a major parameter for store brand products, as supported by Aurier and Lanauze (2011) which reported that quality of store brand presented a direct positive effect on brand value. Hence, store brand manufactures should initiate a campaign of free distribution of samples of store brand products. Brand image and advertisement were found to be major

factors influencing purchase of national brand products. Hence, store brands should advertise more for its products. Availability was found to be an important factor during purchase trips. Further, in-store presentation was found to be an important motivational factor during purchase and this finding is in line with an earlier study conducted by Hsu *et al* (2010) which reported that: store ambience has direct influence on purchase. Moreover, as most of respondents buy store brand products due to 'value-for-money' parameter as supported by Kremer and Voit (2012) which found that price image of the store brand is positively related to the retailer price image. The values that customers associated with store brands improve the retailer brand image.

5.4 Scope for future research

Due to certain inherent limitations of the present study, many factors might have been left out which could be important enough to take into consideration. A few areas where there is scope for further research are mentioned below:

1. The sample for the present study is small, so more generalized conclusions can be drawn if a large sample is collected.
2. Consumers from rural areas may be included in future studies
3. Influence of store brand image on store image can be studied in depth in future study.

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ANNEXURE

Consumer purchase behavior towards store brands and national brands: an empirical study

1) Do you think you are a brand conscious buyer? Yes [ ] No [ ]

2) Do you buy *Store brands* during your purchase of grocery products? Yes [ ] No [ ]

3) Do you buy Store brands during your purchase of apparel/clothing? Yes [ ] No [ ]

4) Are you aware about these store brands?

	In Grocery		In Apparel	
In Easyday Stores	*Great Value*	Yes [ ] No [ ]	*George*, *Simply Basic*	Yes [ ] No [ ]
In Reliance Stores	*Reliance Select*	Yes [ ] No [ ]	ZOLO	Yes [ ] No [ ]

5) How important do you consider the role of brand during purchase of grocery? (Please rate your choice)

Not at all Important	1	2	3	4	5	6	7	Very Important

6) How important do you consider the role of brand during purchase of apparel? (Please rate your choice)

Not at all Important	1	2	3	4	5	6	7	Very Important

7) Approximately how much do you spend on grocery items per month?
Less than Rs 2,000 [ ] Rs. 2,001-Rs.4,000 [ ] Rs. 4,001-Rs.6,000 [ ]
Rs. 6,000-Rs.8,000 [ ] More than Rs 5,000 [ ]

8) Approximately how much do you spend on apparels per month?
Less than Rs.1,000 [ ] Rs.1,001-Rs.3,000 [ ] Rs. 3,001-Rs.5,000 [ ] More than Rs.5,000 [ ]

9) Kindly rate the following parameters, on the basis of the importance regarding your, perception towards store brands and national brands, where, not at all important = 1, least important = 2, important =3, very important = 4, extremely important = 5

STATEMENTS	*Store Brand*					*National Brand*				
	1	2	3	4	5	1	2	3	4	5
Price										
Offers and Sales promotions										
In-store display and presentation										
Recommendations from friends										
Product quality										
Packaging and package size										
Brand image										
Advertising										

10) Please rate the following statements according to your agreement level regarding your purchase of store brands, where, strongly disagree = 1, disagree = 2, neither agree nor disagree = 3, agree = 4, strongly agree = 5

STATEMENTS	1	2	3	4	5
V1-I evaluate the prices of store brands to get the best value for the money.					
V2-I do not mind purchasing store brand if quality is at par with national brand.					
V3-I shop at more then one store to take advantage of low prices of store brands.					
V4-If a Store brand product is on sale that can be a reason for me to buy it.					
V5-I'm considered an expert when it comes to knowing the prices of the store brand products.					
V6-I would prefer buying store brand if price is same as compared to the national brand.					
V7-Store brands perform well enough to be considered for a purchase.					
V8-I feel like a "Smart Buyer "when I buy Store brand products.					
V9-I buy store brand as they are displayed in an added value manner (i.e with bold stickers ,price tags, etc)					
V10-Generally, I purchase store brand as the store brand's display clearly expresses its personality.					
V11-I purchase store brands as they are reliable in terms of quality and hygiene.					
V12-I always try to buy store brand as it is best choice for me.					
V13-I will not buy any other brand if store brand is available in my required product category.					
V14-I consider that store brands are good alternative to national brands.					

11) Please rate the following statements according to your agreement level regarding your purchase of National brands, where, strongly disagree = 1, disagree = 2, neither agree nor disagree = 3, agree = 4, strongly agree = 5

STATEMENTS	1	2	3	4	5
Sale promotion					
Value for money					
Quality					
Availability					
Display					

12) Please rate the following statements according to your agreement level regarding your store brand satisfaction and image transfer to store as a brand, where, strongly disagree = 1, disagree = 2, neither agree nor disagree = 3, agree = 4, strongly agree = 5

STATEMENTS	1	2	3	4	5
I would recommend store brand to others as they have low price every day.					
I am satisfied from store brands as they provide value for money.					
I feel satisfied from store brands as they have large array of products.					
I feel store brands have good image as they have appealing packaging.					
I have good image of store brands as they meet consumer's needs.					
I am satisfied from store brand's sensory qualities such as taste, freshness in grocery products.					

13) Kindly rate the following parameters, on the basis of the importance regarding your, perception towards Retail Stores, where, Not at all Important = 1, Least Important = 2, Important =3, Very Important = 4, Extremely Important = 5

STATEMENTS	1	2	3	4	5
Store location					
Customer Service					
Billing time					
Safety and security					
In- Store environment					
Products variety					
Parking facilities					

Profile of Respondents

Name of Respondent: _____

Gender: Male [ ] Female [ ]

Martial Status: Married [ ] Single [ ]

Age (in years): Below 18 [ ] 19-30 [ ] 31- 45 [ ] 46-60 [ ] 60Above [ ]

Household Size: One [ ] Two [ ] Three [ ] Four [ ] Five plus [ ]

Occupation: Home Maker [ ] Business [ ] Salaried [ ] Student [ ] Others____

Education Qualification: High School or less [ ] College Graduate [ ] Post-Gradation [ ]

Total Annual Income (in Rs): Less Than 2 Lakhs [ ] 2.1- 5 Lakhs [ ] 5.1- 8 Lakhs [ ] More Than 8 Lakhs [ ]

Thanks!

VITA

Name of student	:	Hardeep Singh Saini
Father's name	:	Mr. Gurinder Singh Saini
Mother's name	:	Mrs. Amarjeet Kaur
Nationality	:	Indian
Date of birth	:	November 13, 1988
Permanent home address	:	B- 36/ 240 ,Vikas Nagar, Pakhowal Road, Ludhiana

EDUCATION QUALIFICATION

Bachelor degree	:	B.Tech (Mech. Engg.)
University and year of award	:	Punjab Technical University, 2011
% marks	:	72.4
Master's degree	:	Master of Business Administration
OCPA	:	68.7 (till 3rd sem.)
Title of master's project report	:	Consumer purchase behavior towards store brands and national brands: an empirical study