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# Emerging Private Labels and its Attributes: A comparative Study between Private Label Brand and Manufacturer Brand

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**Abstract:** Organized retailing is a very good step to take makes our economy strong. After liberalization, organized retailing is on boom. In today's competitive environment, every retailer should be aware of changes occurs in their surroundings to compete with their competition. Retailers have to maintain their customer loyalty, so as to stick with their brand whether it is private label or manufacturer brand. But today private labels or store brands are more preferable than the manufacturer or national brand. Today's youth is more attracted towards these brands as these brands compatible with them in every manner. When it comes to their purchase decision they don't have any plans but go for shopping to pick those apparels which are more comfortable to them as per price, style, quality etc. All these factors plays role in their loyalty towards any brand and these requirements are easily fulfill by the private labels. Different ratings and rankings are given by the youth for their brands which makes the different retailers most preferable and it is easy for retailers as well which helps them in taking their brand in more demand.

**Keywords:** Private Label Brands (PLB), Manufacturer Brands (MB), Loyalty, Purchase decision, Attributes

## I. INTRODUCTION

Organized retail industry is growing rapidly. To keep up the competition, retail marketers are using new innovative ways to survive in today's cut throat competition. Emerging private labels is the new effectiveness of retail organization. Private labels lead favorable impact on consumers which ultimately results in the enhancement of retail industry in India with different factors.

There was a time when private labels were not always taken seriously. They were considered cheap in terms of price as well as quality and that too were found in generic products like detergent, toilet papers, sugar, noodles etc. Few apparel brands were in private labels but they were acknowledged rarely with national brands. For the retailers, private label was a way to earn little extra revenue. But as time passed, retailers changed their attitude towards their rigid quality, designs and prices and customers started accepting private labels more than ever before. Time has changed, now private labels are available not only in grocery, staples but are available in apparel, consumer electronics and mobile handsets. Now private labels are considered brands in their own right. The reason for the success of private labels is their reasonable prices with better quality and that too in lowest possible costs from manufacturing to advertising. Most of the designs are copied of category leaders and are advertised within the stores rather outside. Only the reasonable value of private labels is not the only reason for their acceptance.

Retailers opt for private labels as it fulfill youth's changing tastes and needs at lowest possible prices. Retailers are now offering very unique designs at reasonable prices and thus build customer loyalty.

Following are the reasons for the emergence of private labels by apparel retailers

- A. To identify the need
- B. Creation of unique apparel
- C. To maintain customer loyalty
- D. To earn more revenue
- E. To meet customer's changing habits

## II. RESEARCH PROBLEM

The main focus of the research is on youth consumer about their inclination towards private label brand. Purchase decision and give different ranking and ratings for their preference to private Label Brand. By this study we would be able to know, why Indian youth prefer private label over manufacturer brands. The purpose of the research is to discover answers to questions through the application of the procedures. The main aim of the research to finds out the hidden truth which has not been discovered yet.

### III. RESEARCH OBJECTIVE AND HYPOTHESIS

- A. Finding out their overall preference of private versus national brands while purchasing.
- B. Customer satisfaction with private label brands depends on rankings and ratings.
- C. Preferences for purchase of private label brands
- D. *Research Hypothesis:*  $H_a$ : Youth are more loyal towards Private Label Brands.
- $H_0$ : Youth are less or not loyal towards Private Label Brands

### IV. RESEARCH METHODOLOGY

The data collection mode will be used to get the desired information from primary sources & unstructured direct interviews & the instruments used in the questionnaire. In this research, data will be collected through two different modes, namely primary and secondary source.

- 1) Sampling unit: college going students, working youths and various young customers at retail stores.
- 2) Sampling size: 400 customers or respondents
- 3) Location: Delhi/NCR
- 4) Sampling technique: random sampling, because it is not possible to collect the entire views of a particular area.

#### A. Research Findings

These findings are purely based on the analysis of data collected for the research and results are with table nos. which are mentioned in the thesis. These results are from the chapter -5 of thesis. So, table nos. are used as same.

Demographic Profile of respondent

Table 4.1 Demographic profile of respondent (%) N=400

S. No.	Category	Percentage (%)
1	Gender: Male= 184 Female= 216	46 54
2	Age: 18-30= 235 31-45= 95 More than 45= 70	58.75 23.75 17.50
3	Educational status: Undergraduate =114 Graduate = 142 Postgraduate = 144	28.50 35.50 36.00
4	Profession: Service= 109 Business = 51 Student = 167 Any other = 73	27.25 12.75 41.75 18.25
5	Yearly Household Income Less than 2 Lakh = 79 3lakh-5 lakh = 135 6 lakh-10 lakh = 127 More than 10 lakh = 59	19.75 33.75 31.75 14.75

Analysis of Hypothesis on basis of purchase decision and ranking and ratings:

**B. Preference of the respondents about purchase of the private label brand**

Response	No. of respondents	Percentage(%) of respondents
Yes	280	70%
No	90	22.5%
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

As per above table 5.2.1, this tabulated values clearly shows that how much private labels are purchased by the consumers with 70%. 22.5% are not interested in Private label brands because they prefer manufacturer brand. Rest 7.5% customers are those who neither purchase PL nor purchase MB. These respondents are those who purchase apparels from either local markets or street bazaar. Street bazaar buyers also purchase PLBs sometimes, if they have to choose brand between MB & PLB. Then these consumers go for Private labels first.

**C. Store Brands Are As Good As Manufacturer Brands**

Response	No. of respondents	Percentage(%) of respondents
Yes	280	70%
No	90	22.5%
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

As per the above table 70% respondents said store brands are as good as manufacturer brand because they are in favor of purchasing PL. 22.5% respondents say manufacturer brand are more good than PLBs. Same 7.5% don't have any idea. It shows that people who purchase PLBs thinks that their purchase is as good as MBs. They don't have any confusion in comparable quality and in other attributes of PLBs. They purchase because they like their brand. From the above result it makes a clear picture of private labels that these brands share high percentage in goodness also.

**D. Make plan for Particular Brand, Color, Type of Merchandize Etc Before Shopping**

Response	No. of respondents	Percentage(%) of respondents
Yes	90	22.5%
No	280	70 %
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

Only those respondents make plan before shopping who go for manufacturer brand & they stand with 22.5%. Generally Private Label brand users & those don't have any ideas doesn't make any plan for particular brand, color, merchandize etc before shopping and they are 77.5% in total. And bifurcated ratio for No and can't say is 70% & 7.5% respectively. This means that a few people are out of 100 who like to buy with planning & they are those who stick to a particular brand or type and are of matured age. Youth generation mostly don't make plans before shopping because they love variations and go with change in fashion.

*E. Have you seen advertisement of PLB*

Response	No. of respondents	Percentage(%) of respondents
Yes	330	82.5%
No	50	12.5%
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

As we know advertisement plays great role everywhere in marketing. Advertisement is that good source which serves mass in a single time. In the above table respondents who seen the advertisement is 82.5% as highest and who don't seen the advertisement is 12.5% followed with lowest percentage of 7.5% who can't say anything. This data shows that people who are aware regarding what is happening in their surrounding likes to know about each and everything which makes them updated. And it is good, to get more knowledge about different brands.

*F. Tried the same Product Being Advertised*

Response	No. of respondents	Percentage(%) of respondents
Yes	270	67.5%
No	50	12.5 %
Sometimes	50	12.5%
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

From the above table, it is clear that advertisement has impact on the buyers. They tried the same product which has been advertised and seen by them. They are 67.5% respondents purchase the same product which they have seen in the advertisement. 12.5% say that they don't tried the same product & with same ratio 12.5% say they purchase it sometimes, if they liked it. These sometimes buyers are those who purchase manufacturer brands or either other brands.

*G. Frequency of shopping PLB over MB increased from last five years*

Response	No. of respondents	Percentage(%) of respondents
Yes	290	72.5%
No	80	20 %
Can't Say	30	7.5%
Total	400	100%

Source: Surveyed data

From the above table it is clear that frequency of shopping PLBs is increasing year over years. 72.5% respondents say yes for increasing frequency of their shopping of private label brands. Only 20% respondents say no to increasing frequency of their shopping of PLBs. Though some shoppers has been increased from last 5 years as percentage of respondents increased of PLBs even they are shoppers of MBs at the same time. And very small percentage of 7.5% respondents is not aware about PLBs. This table shows that most of the people who see advertisement of PLBs convert them in as consumer with same product which is shows good impact of advertisement.

**H. Rank Preferences Of Retail Brands**

Generally retail brands are of two types and these can be divided into different categories. But for the better understanding of respondents and to compare these two retail brands ranking questions were asked. Because ranking helps the respondents to make their preferences for their brands in easy manner and researcher get significant result with the help of applying different ranking test. Here Kruskal- Wallis test is used for the study. This test helps in getting unbiased results which proves authenticity of the result up to maximum level.

**1) Rank preferences for Private label Brands**

Brands	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Private Label	141	109	10	0	0
Manufacturer Brand	0	0	5	22	63
Any other	0	9	14	18	9

Source: Surveyed data

From the above table, we find that different ranks are given by the respondents who buy private label. Ranks are given by them are those which shows, they prefer more private labels as they give higher ranks to these brands. Then these respondents who like to buy private label gives lower ranks to the manufacturer brands followed with other brands. Consumers, who like private label don't like to buy manufacturer brand because they are satisfied with PLBs which is clear from the above tabulated data.

**2) Rank preferences for manufacturer brand**

Brands	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Private Label	0	0	22	92	146
Manufacturer Brand	68	22	0	0	0
Any other	0	1	5	21	23

Source: Surveyed data

The above table represents that the manufacturer buyers give higher ranks to the manufacturer brands and lower ranks to the private label brands and other brands. Manufacturer brand buyers give 1 rank and 2 ranks to their brands and also gives rank 3 for private labels which shows average ranking to these brands. This means that manufacturer and other buyers also have average view for private labels which goes into favor of PLBs. It represents that they like sometimes if they don't have options in their own brands or are in search for something new.

**3) Rank Preference For Any Other Category**

Brands	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Private Label	0	8	35	65	152
Manufacturer Brand	0	11	28	30	21
Any other	25	23	2	0	0

Source: Surveyed data

In the above table, consumer who likes shopping for other brands or local apparels gives rank 1 and 2 for their choices but also gives some equal preferences with rank 3 and 2 private label and manufacturer brands. It clearly shows that they don't have ideas regarding branding. But if asked to them their second choice, they usually go for low pricing brands whether it is manufacturer brand or private label brand. The appropriate test here is the Kruskal-Wallis test. We have three separate groups of participants, each of whom gives us a single score on a rating scale. Ratings are examples of an ordinal scale of measurement, and so the data are not suitable for a parametric test. The Kruskal-Wallis test will tell us if the differences between the groups are so large that they are unlikely to have occurred by chance. Here are the data:

Table No. 5.3(a) Rating of retail brands for shopping purpose:

Private Label	Manufacturer Brand	Any Other
141	5	9
109	22	14
10	63	18
22	68	9
92	22	1
146	11	5
8	28	21
35	30	23
65	21	25
152		23
		2

Table No. 5.3(b)

Private Label	Manufacturer Brand	Any Other
141(28)	5(3.5)	9(6.5)
109(27)	22(15)	14(10)
10(8)	63(23)	18(11)
22(15)	68(25)	9(6.5)
92(26)	22(15)	1(1)
146(29)	11(9)	5(3.5)
8(5)	28(20)	21(12.5)
35(22)	30(21)	23(17.5)
65(24)	21(12.5)	25(19)
152(30)		23(17.5)
		2(2)
T: 214	T: 144	T: 107
n: 10	n: 9	n: 11

Source: Surveyed data

Now from above table we calculate H statistic as under:

**Calculation Summary**

$$H = (12/(N(N+1))) * (\sum T^2/n) - 3(N+1)$$

$$H = 0.013 * 7924.418 - 93$$

$$H = 9.2506$$

The H statistic is 9.2506 (2, N = 30).

The p-value is .0098. The result is significant at p < .05.

As we have given ranks to the brand categories & each have more than five items, the sampling distribution of H approximates closely with chi square distribution. Here,  $\chi^2 = 9.2506 > \chi^2_{0.05,2} = 5.991$  since the calculated value of H which is greater than tabulated value, hence  $H_0$  (null hypothesis) is rejected at degree of freedom (numbers of group minus one) 2 and at 5 percent level of significance.  $H_a$  is accepted which signifies that private label brands are more preferable than manufacturer and other brands.

*I. Features Which Influence Youth Preferences While Shopping Plbs (In Terms Of Ratings)*

Youth preferences gives the result that what features they like most in their PLBs. Several features/ attributes plays role in the preferences towards private label brands but in this study, seven important features is taken for respondents to rate them according with convenience. It also makes respondents feel like judge against their brands and they rate the features on their own experience scale.

These below tables have ratings from highest to lowest (5to 1) which means 5 & 4 rating is good, 3 rating is average and 1 & 2 rating means poor.

1) *Improved quality*

Brands	Rating1	Rating 2	Rating 3	Rating 4	Rating 5
Private Label	0	0	36	107	117
Manufacturer Brand	8	39	40	3	0
Any other	12	24	14	0	0

Source: Surveyed data

2) *Reasonable Price In Comparison To Manufacturer Brands*

Brands	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Private Label	0	0	27	101	132
Manufacturer Brand	8	33	45	4	0
Any other	31	11	8	0	0

Source: Surveyed data

3) *Variety of brands*

Brands	Rating1	Rating 2	Rating3	Rating 4	Rating 5
Private Label	0	0	45	103	112
Manufacturer Brand	3	38	49	0	0
Any other	4	17	29	0	0

Source: Surveyed data

4) *Easy availability of Products*

Brands	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Private Label	0	0	44	110	106
Manufacturer Brand	0	40	48	0	0
Any other	7	19	24	0	0

Source: Surveyed data



5) Exchange Facilities

Brand	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Private label brand	0	0	29	127	104
Manufacturer brand	17	45	28	00	00
Any other	23	17	10	00	00

Source: Surveyed data

6) Bundling Offers

Brands	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Private Label	0	0	31	108	121
Manufacturer Brand	12	35	43	0	0
Any other	37	13	0	0	0

Source: Surveyed data

7) Nice in- Store Promotions

Brands	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Private Label	0	0	45	103	112
Manufacturer Brand	3	38	49	0	0
Any other	4	17	29	0	0

Source: Surveyed data

Table No. 5.4 (a) Average Rating Table of attributes/features of PLBs

Features of Private Label Brand	Ratings ( 1 for Lowest & 5 for Highest)					Total	Average rating
	1-poor	2	3-Acceptable	4	5-Excellent		
Improved quality	0	0	29	127	104	260	4.29
Reasonable price	0	0	27	101	132	260	4.4
Variety of brands	0	0	45	103	112	260	4.26
Easy availability	0	0	44	110	106	260	4.24
Exchange facilities	0	0	24	123	113	260	4.34
Bundling offers	0	0	31	108	121	260	4.35
Nice in- store e promotions	0	0	36	107	117	260	4.31

Source: Surveyed data

The above table no. 5.4(a) shows different ratings in a tabulated form. Average rating is calculated over here for each attribute. These average ratings for each attribute will help in getting the right results for the attribute liked most first and so on. From the

above calculated rating table, we conclude the below table in a ordered form with their average rating as highest on the top and lowest on the below.

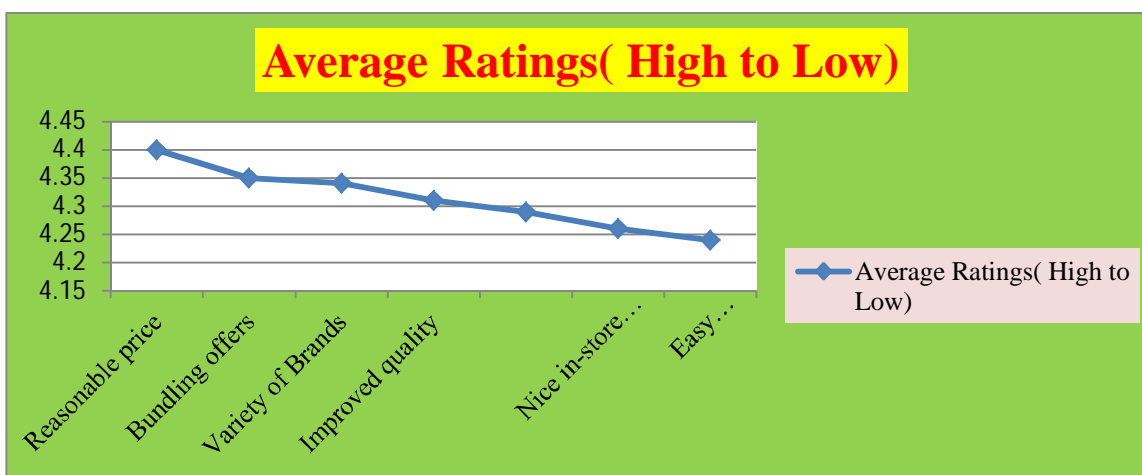
Table No. 5.4(b)

Features/ Attributes	Average Ratings( High to Low)
Reasonable price	4.4
Bundling offers	4.35
Variety of Brands	4.34
Improved quality	4.31
Exchange facilities	4.29
Nice in-store promotion	4.26
Easy availability of products	4.24

Source: Surveyed data

This table shows arrangement of highest average rating to lowest average rating in simplified and clear image of ratings. In next step we show the graphical representation of this table. Graphical representation of average ratings of different factors plays role in acceptance of PLBs.

Table No. 5.4(c)



Source: Surveyed data

The above table shows that, Indian youth prefer to look on the prices of the apparel first. The Very next factor comes as quality offered by retailers and varieties in brands. Rating which both factors shares are 4.35 and 4.34 respectively Another important factor which influences young generation that they are dynamic in nature & with little income used to look for the exciting retail sales offers, easy exchange and return facilities and inside store promotions etc. According to the above table, exchange facilities, easy availability and store promotions shares approximately same ratings. If all factors work as by consumer expectation than they can wait for the product or can get it from some other store, as they want it to be available easily. Rating for product availability is 4.24. All the factors shares almost equal rating out of 5. It clearly concludes that, private label has impactful image in consumers mind. 4 rating out of 5 is considered to be good enough to analyze and data above clarifies it that, young Indians consumer buy more of PLBs and are happy to get their apparel in every sense.

### V. CONCLUSION

Hypothesis of the study is: Loyalty among youth towards private label brand over manufacturer brand". Findings are as follows as per hypothesis: The main focus of the study is youth consumer. As per analysis of the study it comes as, they like to buy more and



more private labels over manufacturer brand. This resulted in more private labels due to dominance of young population of India. But it generally varies with economic conditions. In this study we collected data from Delhi NCR. According to calculated data from research questionnaire, personal conversations, interviews from professionals, suggestions from consumers, and from different ranking and ratings it comes that private labels have high acceptance over manufacturer brands in apparel category. Statistical tests are also applied to check the validity of the results which is also favoring the  $H_a$  of the study and rejected the null hypothesis.

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