

Think India Journal
ISSN: 0971-1260 Vol-22, Special Issue-21



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

A Study on Customers Buying Behaviour Towards Private Label and National Brands of Fmcg Products in Chennai

K.KalaRani,

Research Scholar, Bharathiar University, kalarani27@gmail.com

Dr.V.DarlingSelvi,

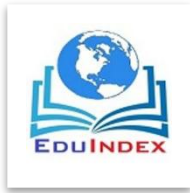
Asst.Professor, Rani Anna Govt.College for Women.

Abstract

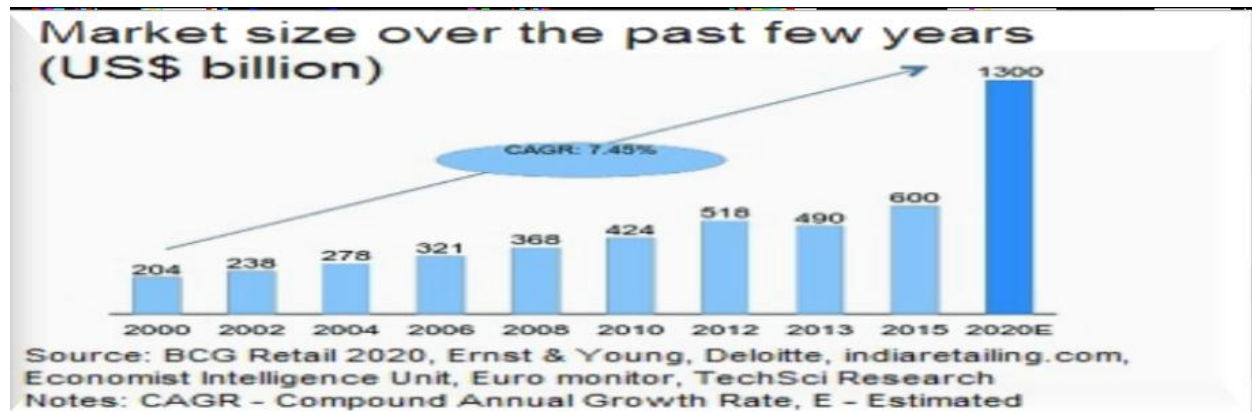
India is on the 5th position in the world for the largest retail market. The Indian retail market is very fragmented but with an improving economy and growth drivers such as favourable demographics, urbanization and shift in consumer shopping behaviour gives an opportunity for the development of modern retail formats. The Indian retail market is expected to almost be double to US\$1 trillion upto 2020. A private label brand is a brand owned, merchandised and sold by retailers themselves that carries the retailer's name and is exclusive to a retailer, but is produced by another company. The paper examines the factors influencing customers to purchase private labels and how they perceive those brands. Various retail outlets in Chennai city is taken for study.

Introduction

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US\$ 3,600 billion by 2020 from US\$ 1,824 billion in 2017. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totaling US\$ 1.66 billion during April 2000–March 2019, according to the Department of Industrial Policies and Promotion



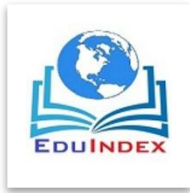
(DIPP). Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same service or product. Branding is an important part of internet commerce, as branding allows companies to build their reputations as well as expand beyond the original product and service, and add to the revenue generated by the original brand. Majorly brands are popular and known in three names: A) Global Brands B) National Brands (NBs) C) Private Label Brands (PLBs)



Source: <http://www.ibef.org/industry/retail-india/showcase>

PRIVATE LABEL BRANDS IN INDIAN MARKET

Private label brands are brands owned, controlled, and sold exclusively by a retailer (Baltas, 1997). The concept of private label brands was popularized by large corporate supermarket chains which expanded their private label business at the expense of some heavily advertised national brands and items (Stern, 1966). Different segments such as accessories, footwear, colas, fruit juice, noodles, snacks, food ready, air fresheners, floor cleaners, detergents, etc. are available in the private label brands. The productivity of the store is improved by focusing more



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

on private label brands. The retailer's focus is shifted towards FMCG, grocery and electronics from apparels and accessories segments.

» **India's largest retail company Future Group** has 12 apparel, 4 FMCG and 2 household product private labels in its formats Big Bazaar, Food Bazaar and Pantaloon. Besides these it also has many other private labels across categories and formats.

» **Aditya Birla's** private labels segment has 7 brands which Aditya Birla Retail Limited provides customers products under its own labels. Private label Food Brands include Feasters, Kitchen's Promise, and Best of India. Home & Personal care brands include Enriche, 110%, Pestex, Paradise and Germex. It is also planning to launch its private labels in milk and dairy products.

» **Tata Croma** has plans for 100+ private labels across categories like personal care equipment, laptops, small appliances, etc.

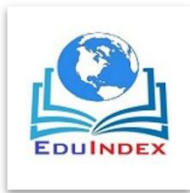
» **Reliance Fresh** sells staples and food items under Reliance Select and Reliance Value brands. It has recently launched Dairy Pure, in the liquid milk segment. Reliance also sells a number of private labels in other categories like apparel, through its various other formats.

» **Shoppers Stop** has around 10 private labels, the prominent ones being Stop, Kashish, Life, etc.

» **Bharti** retail recently launched 8 international private labels of Wal-Mart in its supermarket chain, Easy day.

» **Myntra** is looking to launch its own private label by Q3 2012, which according to him, will contribute to a better bottom-line for the company, since the margins in private labels are higher.

» **Flipkart** has entered the private label league through online store brand 'Digiflip', a brand that sells digital accessories such as laptop bags, sleeves and camera bags & pouches.



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

» **Ruchi Soya Corp** has tied up recently with Future Group for manufacturing its private label brand – ‘Fresh & Pure’.

Review of Literature

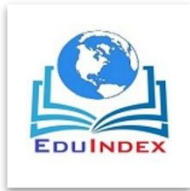
Deepali Gala, Ramchandra D. Patil (2013) The study on the consumer attitude towards private label and national brand has given a wider perspective of their behavior towards various retail outlets and Kirana stores available in the Sangli district. The study has proved that the customers see private label as a local product which is not been considered same as the national brand. This also helps to identify the reasons behind getting attracted towards private label.

UDHAYA SELVARAJ (2015) the focus of this study is to measure how successful retailers are building and establishing their own brands and how their consumers perceive those brands. As retailers have started to realise the importance of private labels, every effort is taken to build better brands and retain the customers.

Madhukumar.K* & Dinesh.N (2018) The Research to study the future prospects of private label for the store owner and future threats for private national brands. It reveals that consumer attitude towards five attributes viz., quality, price, risk, packaging, and brand. The utility and implication of the proposed study are discussed for the owner of retailers, the owner of the private and the national brand, managers, and researchers.

SCOPE OF THE RESEARCH

The study pertains to Customers Buying Behaviour towards private label brand and National brands of FMCG products in Chennai. In the FMCG Sectors, various forms of brands and labels are seen in organized retail markets. They are popularly known as Signature label, Designer label, Private label, National Brand and global Luxury Brand. But the scope of research study is limited to National Brand and Private labels as they were found to be the prominent among various forms of brands and labels, as reported in the literature review. The study was done with



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

the customers of those retail outlets to find out their spending pattern towards private label and national brands. The study mainly aims to identify the growth prospects of Private Labels to that of National brands in the FMCG retail sector. This report provides a comprehensive analysis of the private label market and national brand market within the consumer packaged goods industry in India. It helps the retailers to identify the benefits between manufacturer brands and private-labels products in their stores. The retailers chosen for this study are Big Bazaar, Reliance Fresh, Reliance market, Pazhamudhir Super market, More, Nilgris, and various super markets.

OBJECTIVES

- To understand the consumers perception and attitudes towards private label products.
- To find out customers overall preference of private versus national brands while purchasing in FMCG products.

RESEARCH METHODOLOGY

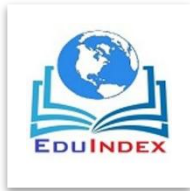
The survey was conducted in organized retail outlets of the Chennai city among the private label buyers. Since the main focus of this study is to identify the perception towards private labels descriptive research is used. The sample size selected for the study is 50. Primary data was collected using questionnaire and secondary data from internet and magazines.

DATA ANALYSIS AND INTERPRETATION:

Table (I): Respondents buying behaviors' of private label brands FMCG products?

	No. of respondents	%
Very Often	16	32
Often	18	36
Sometimes	10	20
Depends	6	12
Total	50	100

The above table shows the frequency and purchase frequency of PLB by the respondent. It helps



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

in finding out the number of times PLB purchased by the respondent. It shows that 32% very often purchase PLB, 36% often purchased PLB, 20% sometimes purchase it and 12% Depends purchased it. It depicts majority of respondent often purchase the PLB FMCG products.

Table (2): Which of the following Private label brands do you prefer most for buying FMCG Products.

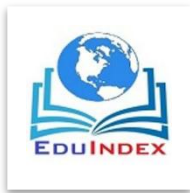
Brands	No. of respondents	%
Reliance Fresh	15	30
MORE	12	24
Big Bazaar	11	22
Nilgris	5	10
Spencer's	4	8
Others	3	6
Total	50	100

This table shows that whether the PLB product prefer most for buying FMCG Products. It shows that 30% prefer Reliance Fresh brands, whereas 24% Prefer MORE FMCG brands.

Table (3): Which of the following National Brands do you prefer most for buying FMCG Products.

Brands	No. of respondents	%
HindustanUnilever Ltd.,	12	24
Britannia industries ltd	11	22
Nestle	13	26
ITC Ltd.,	3	06
Procter & Gamble	6	12
Godrej	5	10

The above table shows the frequency and the percent of number of respondent who prefer NB



National Conference on
Recent Advances in Commerce, Management
and Computer Science (NRCACMC-2020) sponsored
by
Department of Commerce, VEL TECH RangaSanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020

products. It is found that 24% HindustanUnilever Ltd., brands in NB, 22% Britannia industries ltd, prefer NB in food category.

CONCLUSION

India is the second most striking modern retail market and it is expected to cross 100 million square feet within the next two to three years. For new modern retail stores, it is required to have specialized skills and investments in project management, design, architecture, electrical engineering, supply chain and technology, specialized furniture, fixtures, lighting, IT networks, point of sales technology, in-store warehouse infrastructure and much more. Today, India is witnessing the steady growth of new modern retail market. Private label brands is in the initial stage but with the development and growing share of modern retail, the share of private label brands is also increasing and their contribution in the sales is also improving. However, private label brands usually have a lower cost-basis, affording retailers higher profit margins. During tough economic periods, consumers become more interested in lower-cost private label brands.

References:

1. M.Ramakrishnan, Dr.SudharaniRavindran, July 2012, A Study On The Consumer Perception Towards Private Label Brands With Special Reference To Big Bazaar, Journal of Arts, Science & Commerce Vol.– III, Issue –3(3), [82]
2. Deepali Gala, Ramchandra D. Patil , 2013, Consumer Attitude towards Private Labels in Comparison To National Brands , International Journal of Business and Management Invention Volume 2 ,Issue 5 ,PP.12-18
3. Madhukumar.K* &Dinesh.N** 2018, Brands Versus Private Labels: Consumer's perception towards Private Label Brands in Retail Stores, International Journal of Management, Technology And Engineering, Volume 8, Issue XII.pp.1597-1604
4. UDHAYA SELVARAJ, 2015, A Study on Consumer Perception Towards Private Labels in Organized Retail Stores, PARIPEX - INDIAN JOURNAL OF RESEARCH, Volume : 4 | Issue : 7, PP.382-384
5. Nielsen (2014), "The state of private label around the world", A survey report. | | 7. Euromonitor survey (2014), "The New
6. Face of Private Label: Global Market Trends to 2018" |