

A Study of Customer Perception towards Private Label Brand of D-Mart

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Abstract- “Private Label Brands” are the product which are basically manufactured by the third party and sold by a retailer with its own packing. Retail, one of India’s upcoming industries, has presently emerged as the most dynamic and fast paced industries of recent times with several players entering the market. One of the routes taken up by Indian retailers to succeed in the retail business is to focus on private label brands. Retailers use private label brands to compete with the national brands by setting competitive price points. Determining customer perception towards private label brands is an essential part of a retailer’s marketing strategy formulation process. Age and profession were also found to affect the preference pattern and satisfaction level of respondents in respect of private label brands in different categories of products.

I. INTRODUCTION

Private label brands are solely owned, controlled and sold by the retail store owner. The Indian retail organization which is predominantly store brand driven are shoppers stop, FBB, Westside and Pantaloons. Different segments such as accessories, footwear, fruits, fruit juice, noodles, snacks, food ready, air fresheners, floor cleaners, detergents, cosmetics etc. are available. The productivity of the store is improved by focusing more on private label brands (PLB). The retailer's focus is shifted towards FMCG and grocery from apparels and accessories segments. The growth of private label brands in India is the major reason for the growth of organized retailing in India. The Indian organized retail market is stagnating at the infancy level i.e. 9%-10% all types of retail. Different promotional and positioning strategies are being used by retailers to differentiate private label brands than national label brands in the consumer's mind. The appropriate retail mix, national brand rivalry and the availability of shelf spaces are the main challenges faced by private retailers. The

manufacturers usually supply the goods under the prescribed label and packaging of the retailer. The contract manufacturer does the same practice as well. Retailers purchase private label goods from the supplier or from the manufacturer and rename, repackage and sell as a general practice under their name. The name or middleman name of the retailer or the combination of the two to sell their product on the market is based on the agreement between the manufacturer and the retailer. In order to improve overall profitability, private labelling is used by retailers or wholesalers. Moreover, smaller retailers may not have sufficient marketing knowledge and funds to compete with another large national player on the market.

II. ELABORATE APPROACH

Meaning of Private Label Brands

A private-label product is a manufactured good that a retailer purchases from a supplier, with the intention of renaming, repackaging and selling it under the distributor’s own brand name. Depending on the agreement between a manufacturer and a retailer, the manufacturer sometimes handles the packaging and labelling for the retailer for an additional charge. Otherwise, the retailer is responsible for the process of dressing up the product as its own. Thus, it can be said that Brands owned not by a manufacturer or producer but by a retailer or supplier who gets its goods made by a contract manufacturer under its own label are called private label brands. Manufacturers use either their own name, that of a middleman, or a combination of both when they are marketing their products. Private labelling occurs when middlemen, usually large retailers or wholesalers, develop their own brand. Building a following from scratch through private-label products, especially in rough economic times, is challenging because smaller retailers do not have the

marketing budget compared to their larger-sized competition.

Evolution of private label brands

The definition of private label branding has evolved significantly over time. Some would argue the term “private label” is a misnomer of great proportions. There is no question that the words “private label” acknowledges the birth, history and existence of generic and store brands. Yet, the term does not adequately capture the extent to which private label has progressed. Today's retail marketers are managing their proprietary brands with the same combination of care and innovation as manufacturers of national brands.

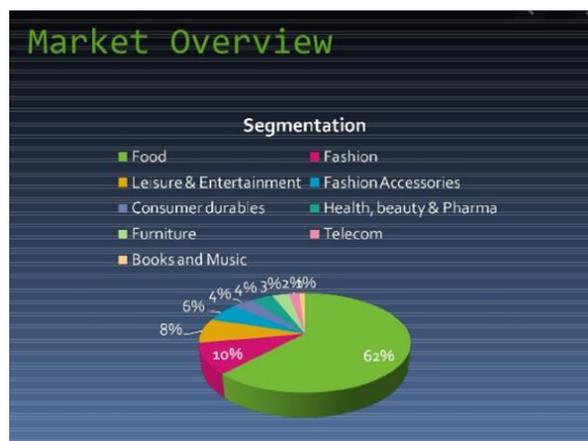
In recent years, retailers have been liberating themselves from the traditional definition of private label marketing as being the poor relative of national brand consumer goods, and, in doing so, opening up huge opportunities for private label branding. These opportunities require the adoption of a different set of marketing and branding practices to support and propel the retailer's business and marketing ideals for its private label brands.

The key to successful marketing management for today's retailers is to understand the contribution and role of their proprietary or “own” brands in the long-term business strategy and marketing mix of the retail store and consider both the supply side and the demand side of the equation. Effective category management can enable retailers to solidify and optimize supply chain relationships. Strategic brand management goes hand in hand with these endeavours to establish sustainable points of difference in each aisle and segment within the store. It also spurs decisions about how to appropriately define the retailer's “own” brand portfolio in order to galvanize consumers to connect and reconnect with its franchise in a compelling manner.

Benefits of Private Label Brands

- Due to the lower costs of advertising Private label brands are lower than the manufacturer's brand. Customers can, therefore, buy the same goods at a lower price

- In addition, private brand retailers can meet competition and demand because they have more price control and can still leverage the price with customer demand.
- It can also create the point of purchase advertising for the customer's attention.
- The consumer perceives value in private label to store loyalty and value. Private label brand also appeals to the consumer concerned.
- Retailers can exercise bargaining power over manufacturers and have more control over shelf space.



Source: <https://www.slideshare.net/pghbti/organized-retail-sector>
Diagram1.1

III. FINDINGS

1. The awareness about private label brand is limited; retailers should more focus on creating awareness.
2. Majority of people have choose national label brand over private label brand, this may be because of the brand image of national label brand.
3. Majority of customers have given their priority to the DMart store over any other store.
4. The product category which is the largest share of the private brand products purchased by customer at a particular time consists of clothes followed by food items which are followed by grocery.
5. The primary reason for purchasing DMart private brand products for many of the customers was the availability of the products within the store.
6. Reason behind d-mart private label brand purchasing (wrt grocery) for majority of customers was the price as they find the price of

the goods lower than the national brands.

7. Offers a discount given to customers also plays an important role for purchasing as they feel important.
8. Packaging plays an important role as many customers are attracted to attractive packaging.
9. The customers rated quality of DMart PLB product wrt grocery same as the quality of any other national brand product.

CONCLUSION

From the above analysis, we can conclude that the consumer's perception towards private label brands and national brands are significantly different, so retailers need to make extra efforts to change the consumer's perception towards PLB products.

Researcher has identified reason or main factors that affect the customers purchase from Dmart that is brand image, geographical presence, price, quality and quantity. For grocery products price-quality-quantity relationship is most important factor. Consumer prefer lower price moreover take in to consideration of the quality of the grocery that is ingredient content, taste and other depends on consumer preference. For detail describe each factor as follows:

Quality: - Majority of consumers is comfortable with PLB Grocery products and the price offered by the Dmart, this have a positive impact on customer's perception. Whereas minority who thought PLB is not good quality will give less value to the product and think it is risky to buy, this bear a negative perception towards the private label.

Price: - Price the highest factor that influence customers purchase towards PLB products. Most consumers think the price of PLB is lower than national label brand and provide the same quality, can also benefit saving money from the lower price offer.

Perception: - Besides minority unfavorable perception toward the PLB regarding quality and risk, the majority have positive perception toward the PLB.

Over all we can conclude that majority of customers are well aware about the private label brands, but majority of customers go for national label brand over PLB products because of they think there are some risk

associated with the PLB.

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APPENDIX

Diagram1.1

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