Consumer Perception of premium In-house Apparel Brands at Lucknow

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Abstract

Premium in-house apparel brands, represented by Progressive retail brands, are clearly positioned in direct competition with the leading manufacturers’ brands in several categories. This positioning has been attempted through quality, branding, and pricing that is similar to that of national brands yet higher than the store’s ‘budget’ private label brand. This paper aims to the current perception of consumers towards, premium in-house apparel brands of females in the Lucknow. In doing so, the research will ascertain the impact of Perception of the product in the purchase of in-house apparel brands. Furthermore, it aims to shed lights on the preferences of consumers while purchasing Female apparel brands.

Key Words- Premium In-house brands, Apparel, Perception, Quality, Value For money, Consumer behaviour.

Introduction

In the recent times, in-house brands have open up new dimensions in the world of retailing. The leading brands are not only facing tough competition with the private players but are having threat of losing its desirable portion of market share to the lucrative premium in-house brands. In house brands are considered as cheap alternatives of national brands but with the advent of premium quality segments, in-house brands are competing well with famous national brands available in the market. Almost comparable quality, available in comparatively lowered price, the premium in-house brands are preferred by consumers over the famous manufacturing brands. With minimum promotional expenses and almost nil failure fee in-house brands have managed to make profits for themselves. While price was the basic proposition on which consumers preferred in-house brands, in recent times, in-house have also begun to create and capture consumer’s mindshare of quality and value offerings in addition to the lower price through premium offerings.

They are no longer just the replica of the branded labels but now considering the consumers everyday changing desires they have started looking for innovations to obtain improvements in its present position. Reports published by ACNielsen, GfK and other market researchers indicate that private label brands outpaced manufacturer brands (commonly known as brands) in more than half of the markets measured.

Retailer in-house brands, are often also referred as own labels, store brands, or distributor- owned brands (Nirmalya Kumar & Jan- Benedict E.m Steenkamp, 2007). In-house brands are categorised in two basic types. First is generic in-house products with low quality and low cost and the second is premium in-house products with comparable quality in comparable cost. Premium in-house products, represented by Progressive Enterprises’ Select brand, are clearly positioned in direct competition with the leading manufacturers’ brands in several categories. This positioning has been attempted through comparable quality, up-market packaging and branding, and pricing that is similar to that of national brands yet higher than the store’s ‘budget’ private label brand.
The apparel retailers like Shopper’s Stop, Max Retail, Pantaloons, Vishal Mega Mart, Walmart, Lifestyle, Westside, Globus etc. have their own in-house brands for their own strategic reasons and offers premium quality in-house products. Various studies have been carried out to understand the in-house brands offering and its acceptability in the retail sector. According to studies, in-house brands when first introduced in the retail were taken as just a cheaper alternative to the national brands. These products were not much popular in the initial stage but during the poor economic conditions in the various counties in the mid-19th century, the customers became more price conscious and started using the in-house as a replacement of big and costly brands. Simultaneously, improvement in the product quality, and packaging started attracting the customers (Edgecliffe 2001). Later when these products started gaining interest in the retail outlets, the retailers started giving importance to the product and its value reposition with innovations which later led these products become more popular as customers considered it as smart shopping rather than just cheaper product. According to various researches done on Indian retail sector, the premium in-house brands are gaining acceptability day by day amongst the Indian consumers. In-house brands have various reasons to be successful like, low price, easy availability, comparative quality etc.

Private labels allow retailers to offer products in market niches not served by manufacturer brands and are a tool to generate shopper loyalty. They offer the additional benefit of very low marketing and sales costs (e.g., no costly advertising campaigns or end-of-aisle displays), resulting in a lower cost structure. Some private label products have a higher percentage profit margin (but lower absolute margin), while others offer higher absolute profit margin than manufacturer brands to the retailer.

**Literature review**

The increase in market share of in-house brands has been attributed to growth of organized retail. Initially, in-house brands developed a low-priced strategy to compete with national brands. They aimed at attracting low-income consumers who were price-conscious. By making price as the cornerstone of strategy, the in-house brands grew at the expense of some of the heavily advertised national brands and items (Stern, 1966). Lower prices as a consequence of the proliferation of in-house brands are mainly expected in older studies and generally in studies that do not include any empirical research (Hoch and Banerji, 1993; Dobson and Waterson, 1997; Dobson, 1998; Vogel, 1998; Dobson Consulting, 1999; Wieser et al., 1999). To justify the assumption of, in particular, short-term (Dobson Consulting, 1999) falling prices, on the one hand reference is made to the fact that national brands have been undercut by competing in-house brands (Dobson, 1998). The price pressure generated in this way by in-house brands (Wieser et al., 1999) might lead as a whole to cheaper products on offer (Vogel, 1998). On the other hand, it is also debated whether falling prices could be a consequence of the passing on of more favourable purchasing terms and conditions to consumers (Dobson and Waterson, 1997).

It should be emphasised that price level should not be regarded independent of quality. Lower prices are often associated with lower quality (Hoch and Banerji, 1993). That means that related to the previous (higher) quality level, a lower price in absolute terms could still represent a relative price increase.

Previous researches shows that consumers’ propensity to purchase in-house brands depends on: demographic factors, such as income, family size, age and education; individual difference variables, such as the degree of reliance by the consumer on extrinsic cues (those more reliant on such cues preferring national buys); and consumer perceptions of the particular category (degree of perceived quality, level of perceived risk, the degree of consumer knowledge about the category, and perceived value of money) (Richardson et al., 1996).

In more recent study, Sethuraman (1992) did model category-level variables in these factors. They examined the effect on “willingness to pay a price premium for a foreign brand” of: several categories-level factors, such as quality concern, average price, purchase frequency, and the degree to which the
category gives “consumption pleasure”; and individual difference perceptual variables including the belief of a price-quality relationship, perceived deal frequency, and familiarity with in-house brands. Clothing choice criteria are defined as the intrinsic (inherent to the product) and extrinsic (product-related, but not part of the physical product) product attributes that associated with desired benefits or incurred costs as consumers make buying decision among clothing alternatives (Davis, 1985, Hatch and Roberts, 1985, Eckman et al., 1990, Hawkins et al., 1995, Forney et al., 1999). Intrinsic product attributes are those that cannot be changed without altering the physical characteristics of the product, while extrinsic ones are those that are exerted by manufacturers or retailers and do not form the component parts of the product. Different criteria may have varied importance in every consumer’s mind. While consumers would assign high importance on the criteria can really reflect their underlying characteristics and experiences. Since the critical characteristics of apparel can always determine its ultimate purchase acceptance or rejection by consumers (Sproles, 1979), the criteria that consumers use in clothing purchase decisions have long been regarded as an important issue for investigation in many previous consumer behavioural studies.

Table 1 – Summary of Findings from 21 Studies of Clothing Choice Criteria

<table>
<thead>
<tr>
<th>Extrinsic criteria</th>
<th>Intrinsic criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Product Composition</td>
</tr>
<tr>
<td>Brand</td>
<td>Price</td>
</tr>
<tr>
<td>Country of origin</td>
<td>Product composition</td>
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<tr>
<td>Store; Store image</td>
<td>Style, color/ Design</td>
</tr>
<tr>
<td>Coordination with wardrobe</td>
<td>Fabric, appearance, fiber content</td>
</tr>
<tr>
<td>Salesperson’s evaluation</td>
<td>Product performance</td>
</tr>
<tr>
<td>Department in store</td>
<td>Care</td>
</tr>
<tr>
<td>Approval of others</td>
<td>Fit/Sizing</td>
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<tr>
<td>Warranty</td>
<td>Durability</td>
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Consumer perception of In-house Brands

In-house apparel brands are becoming highly acceptable among consumers. The consumers prefer to purchase these brands over premium brands due to the various factors like price, comparable quality, value for money, availability, color, store image, in-store promotions, self concepts, accessibility, comfort, etc.

Jin and Yong (2005) note that the success of in-house brands is dependent on factors such as the country’s retail structure, the level of retailer concentration, the advertising rate of manufacturer brands, economies of scale, management, and even imagination. Baltas (1997) states that whilst past behaviour, demographic variables, socio-economic factors as well as personality traits have been found to influence in-house brand purchasing behaviour; perceptions, attitudes and behavioural variables are more effective in this regard. Richardson et al. (1996), as cited by Baltas (1997), identified familiarity, extrinsic cues, perceived quality, perceived risk, perceived value for money and income level as the primarily influencing factors of in-house proneness.
Interestingly, younger consumers appear to have a more favourable view towards in-house brands than older generations (Veloutsou et al., 2004). Walker (2006) suggests that due to relatively lower prices, consumer quality perceptions are negatively impacted. In-house brands are thus frequently seen as inferior quality alternatives. This is reiterated by De Wulf et al. (2005) who suggest that consumers perceive manufacturer brands to be superior to in-house brands.

But during the past years, the consumer perception towards in-house brands has changed. It is more of viewed as a value for money brand and of comparable quality with the premium brands. Smith and Sparks(1993) appear to view the situation in a similar light, proposing that the perceptual gap between in-house and premium manufacturer brands is narrowing. Also now days, it is seen that in-house brands are not only preferred by price conscious consumers, but also a preferred brand for the affluent purchases who prefer , private level over premium brands as they are not much brand conscious and consider in-house brands as ‘Smart purchasing’ option for its value for money preposition.

Apparel choice

Apparel market consists of a huge market of organized and unorganized markets in India. The consumers specially females show varied preferences in apparel purchase depending on the fashion and purchase involvement. Apparels now days are not only related to mere protection purpose it is there personality and fashion statement for anyone. The apparel which anyone wears is the first indicator of the person’s overall personality. Specially, in case of females, as they are very much concerned about their respective looks and attire, the apparel purchase decision involves high fashion concern and involvement. According to a Neilson’s report the females in developing country spend 37 % of their earnings in Food and Clothing. There are varied factors which directly or indirectly affect the purchasing decisions in apparel for females.

O’Cass, 2001, defined fashion involvement as a consumer’s perceived importance of fashion clothing. Goldsmith et al (1999, 2002) studied the real self-image of female fashion leaders and found that leaders have a unique self-image compared to later buyers. He also examined the personal characteristics of frequent clothing buyers and developed the four psychological constructs a) innovativeness, b) knowledge, c) involvement, d) opinion leadership and found that they are were also associated with heavy use of clothing purchases. As per (O’Cass 2001) females and younger consumers possesses much stronger involvement in product involvement and, purchase decision.

Since the young adults pay more attention to fashion, this age group must figure highly in any study of clothing (Auty & Elliott, 1998). In a study of fashion involvement, self-monitoring and the meaning of brands; perceptions of brands conducted by Auty and Elliott’s (1998 ) it was found that they were perceived differently according to the age and sex of the respondent. The Results suggested that women and younger people were most positive about their trendiness.

Perception about apparel quality and pricing

Today consumers believe that in-house brands are not only just a copy cat of known brands but are also complying towards the quality. The emergence of premium quality in-house brands has attracted attention of the consumers. The premium labels are superior in quality and price than the traditional copycat store brands but when compared to the manufacturer brands they are still lower priced and of superior quality. This provides a better reason for customers to switch to in-house premium brands than to the highly priced manufacturer brands. Most leading in-house retailers are taking active role in the positioning and manufacturing specifications of the product which they are offering. They carefully invest in product development, market research, advertising and promotions, packaging etc. The in-house brands are highly profitable for retailers as it control the price through product development and launching costs, advertising, promotions and maintenance of sales force etc. hence they do not have
similar amount of spending relative to manufacturer’s. This gives a good reason to the manufacture’s to reduce the product price and at the same time, a in-house brand is shelved near to the renowned brands at the outlets and share the same self space to grab the attention of the customer as a package of good and comparable quality at low price.

The Consumers, believe that the in-house products are no more of lower quality, the product is available in all the types, starting from price sensitive customers who have no problem with the low quality and also it caters the customers which prefer at-least a comparable quality in less price. Considering these variations in demands and preferences the marketers have tapped customer’s mind-set and provides product of the different varieties. In-house brands have now comparable attention as that of national brands.

**Pricing**

According to Ehrenberg, Schriven & Barnard, 1997) Consumers’ price perceptions have effects on their purchase behavior, they perceive price differently for different products and have individual price perceptions and buy products that are priced at what they are willing to pay for those products.

A strong price/quality perception suggests a firm belief that the price of a product is a good indicator of its quality. Prestige sensitivity can be viewed as the tendency to make attributions about other consumers, or to be sensitive to attributions made by other consumers, on the basis of the price level of purchase. Prestige sensitivity is related to socially visible behaviors, whereas price/quality perceptions are influenced by cues that reinforce the validity of using price to imply quality (McGowan & Sternquist, 1998). Price-quality perceptions and prestige sensitivity are the two constructs used to represent the positive role of price.

The Pricing of in-house apparel is the most important reason to be successful. This is the basic reason for it to be originated in the market. The in-house concept was developed during the days of recession when the consumers preferred to purchase cheap alternative of big brands to save money and were ready to compromise with quality as well. Now days it is seen that Price effectiveness is the most important reason for purchasing an in-house brand.

Customers believe that the price of in-house apparels comply with the quality which is not the feature of national brands. This gives a good reason for the choice of apparel products are shifting towards the in-house brands.

**Value For money**

Value for money is the strongest drive for consumer which attracts the consumers towards an in-house brand. Value in the traditional terms means Cheap but when considered in the terms of the various studies conducted in past, the value is considered as right price for the product. It may be a remarkably good quality in relatively higher cost, an average quality in average cost and low quality in low cost. This means, a product is presented in such a manner that its value propositions appeals the customer desire in such a manner that it saves the money without giving up the quality, the customer is accustomed to. Consumers globally are in similar agreement when it comes to In-house brands, Quality and Value for Money, with a global average of 69 percent agreeing they were extremely good value for money, and 62 percent considering their quality to be at least as good as the big brands. According to AC Neilson’s study conducted in 2005, more than 41% people surveyed accepted all over the world that In-house brands provide very good value for money. Prof. Nirmalya Kumar (2007) stated that in-house products provide excellent value for money to the consumers as the consumer today doesn’t go in blindly for a national brand at high cost but looks for a proper value for money alternative in comparable pricing,
Methodology

This study uses both qualitative and quantitative research methods. The quantitative aspect was covered by survey questionnaires that comprised close and semi-open-ended questions. The qualitative aspect was covered by personal interviews on a one-to-one basis to obtain unrestricted comments or opinions and to better understand the opinions on the choice of branded clothing as well as the reasons for them. It provided an avenue for the interviewees to express their thoughts and experiences widely and deeply. The data from this method was useful for understanding individual decision making behavior, how brands are perceived, and the of the consumers’ judgement about apparel choice. The personal interviews were conducted to help better understand the responses obtained in the questionnaire survey as it could generate rich, deep and in-depth responses to support the findings from the quantitative survey. The research was conducted through convenience sampling with data collection and sampling from 75 female respondents aged between 25 to 35 years. A descriptive research was conducted to study perception of consumers about in-house brands on basis of Quality and value for money.

Data analysis

On the basis of personal interview and questionnaires, it was evident that the females of Lucknow are well aware about the in-house brands but still could not distinguish much the well known in-house brands and manufacturer’s brands. As shown in Figure 1, around 38% customers believe that the key basis for purchasing apparel is quality while around 34% goes for value for money. This shows that Quality and Value for money are the key reasons for the female consumers in purchasing apparels while other reasons being in-store promotions, fashion trend and brand name association. Figure 2, shows that around 76% respondents stated that they are not brand conscious during apparel purchase. According to Figure 3, the quality ratings of premium apparel brand, 35% consumers believed that the quality of premium in-house brands provide good quality while 25% believes that the in-house apparel brands are of satisfactory quality. Figure 4 shows that 42% people believe that In-house apparel brands offer excellent value for money while 29% people private brands offer Good value for money. Considering Figure 5, 69% consumers preferred in-house brands in apparels over 31% consumers preferring national brands in apparels. Figure 6 shows that 81% Consumers would like to repeat purchase of In-house apparel brands this shows a high acceptability of in-house apparel brands amongst female consumers in lucknow. According to Figure 7. Around 69% respondents believe that in-house brands are good alternative to the manufacturing brands.

Conclusion

The study reveals that the in-house brands in Female apparel category in ethnic garments, enjoys a positive consumer perception in terms of Quality and Value for money. Although the customers are skeptical about the different in-house brands but they believe that the in-house brands in premium apparel segments provide satisfactory quality and value for money offerings are excellent with respect to the manufacturing brands. The customers also are confused about the manufacturing brands and the premium in house brands, they are not very particular about the brand name but are particular about the quality and value for money offering which according to consumers are well manage by in-house brands. The customers believe that the in-house premium products are good alternative of the manufacturing brands which are costly enough as it provides excellent value for money and comparable quality which satisfies the customers and hence enhances repeat purchase and customer loyalty towards in-house apparel brands.

References

1. The Power of In-house ;An insight into consumer attitudes, Ac Neilsons Global study 2005
2. The Positioning of Premium Private Label Brands; Pam Feetham, Massey University,
Annexure
Figure 1.0

Key Basis for apparel purchase decisions

- Quality: 38%
- Value for money: 34%
- Fashion Trend: 8%
- Brand Name: 7%
- In store promotions: 13%

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Are you Brand Conscious while purchasing Indian ethnic casual wear?

- Yes: 24%
- No: 76%
Quality rating of premium in-house apparel brands

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below average</td>
<td>7%</td>
</tr>
<tr>
<td>Average</td>
<td>20%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>25%</td>
</tr>
<tr>
<td>Good</td>
<td>35%</td>
</tr>
<tr>
<td>Excellent</td>
<td>13%</td>
</tr>
</tbody>
</table>

Value for money offered by in-house apparel brands

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below average</td>
<td>3%</td>
</tr>
<tr>
<td>Average</td>
<td>5%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>21%</td>
</tr>
<tr>
<td>Good</td>
<td>29%</td>
</tr>
<tr>
<td>Excellent</td>
<td>42%</td>
</tr>
</tbody>
</table>
Brand Preferences

- National brands: 31%
- Private label Brands: 69%

Repeat Purchase decisions of Premium In-house Apparel Brands

- Yes: 81%
- No: 19%

Are In-house brands good alternative to manufacturer's brands in apparels?

- Yes: 69%
- No: 31%