



Customer Preferences with reference to private labels or Big Bazaar

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Abstract

Many of the retailers try to make better profits private labels as a strategy. For that they have to maintain the performance of private labels to gain their expected profit margins. Maintenance of only private brands in the store may not bring good results and maintenance of national labels alone may not result in achievement of required profit margins. In saturated markets, given the intensity of competition, customer bonding has become more important for the simple reason that such relationships generate greater profits for a firm (Juhl, Kristensen, & Ostergaard, 2002; Reichheld & Sasser, 1990). So they were maintaining a tradeoff between labels. And the tradeoff should be in a way such that profit has to be achieved and product availability has to be in a satisfactory level, and all this is to happen while strong bonding is created between the customer and the private labels. This study is taken to find out the performance of private labels over national labels in the Big Bazaar store. The data collected related to this study is analyzed and used for testing the hypothesis using Signed rank test statistical tool.

Company Profile

BigBazaar is a unit of Pantaloon Retail (India) Ltd and caters to the great Indian Middle class. It is a hypermarket format head quartered in Mumbai. Its tag-line is "Is se sasta aur achcha kahin nahin". It sells a large range of merchandise at affordable prices, the prices of which it claims are lowest than the market in so many times. Usually the items are clubbed together for offers as on the lines of Wal-Mart and Carrefour, weekend discounts and works on the same economy model as Wal-Mart and has considerable success. It is currently operating out of more than 150 stores and top 25 stores having a cumulative footfall (Number of visitors) of 30 lakh a month on an average.

Future group led its founder & group CEO Mr. Kishore Biyani. He is the one of Indian leading business house with multiple businesses. The retail firms are the core business activity of future group. Its subsidiaries are presently in consumer finance, capital, insurance, brand development & entertainment. First Big Bazaar store open in 2001 in Kolkata, Hyderabad and Bangalore.

The Indian retail sector is one of the most hectic marketing activities of all times. The companies are fiercely fighting to win the hearts of customer, and the FDI into the retail sector fuels the fire. In India, the first mover advantage goes to "BIG BAZAAR". It has created all items under one roof at low rates, or so it claims. All the merchandising is done through ARS (Automatic Replacing System).

The large young working population is a preferred customer segment. BigBazaar targets this segment of working women and home makers who are the primary decision makers. BigBazaar has made a big name in the retail industry of India, Shopping experience in Big Bazaar is further made a memorable experience with the discounts on products as well as discount vouchers available in a variety of amounts, Like INR 2000, 3000,4000, 5000 and `10000 on all Big Bazaar products and accessories.

Awards and recognition:

- In 2007 won the International Retailer of the year' at US based National Retail Federation Convention in New York.
- In the same year it also won Emerging Retailer of the year award at the World Retail Congress held in Barcelona.

Big Bazaar Private labels

Big Bazaar is a retailer and sells so many brands manufactured by some companies. Along with them Big Bazaar is offering its own brands to the customers. It is generating turnover above 200 crores from its private labels.

Koryo: in this brand Iron boxes, mixers, micro woven, Televisions, Air conditioners, coolers, heaters, vacuum cleaners, electrical stoves, ceiling fans, coffee maker, head blander, sandwich toaster.

NYX & STUDIO: Party wares, formal shorts, jeans & T-shirts all men wares are provided.

Spunk: Sports items and T-shirts are available

Promotional activities

Tag -line: Big Bazaar tag-lines are the key components in advertising. These tag-lines are framed according to demographic profile of customers. These catchphrases appeared on hoardings and newspapers in areas where Big Bazaar was launched. Everybody easily understood and connected easily with the single line simple. The catch-lines are in "Hindi - Chan ekebhawkaaju", "Bengali - Ruier dame illish", "Hindi - Stall kebhaw balcony", etc.

Print Advertisements: Newspaper advertisements are present just before launch of any new scheme. It is to create aura about the Big Bazaar brand in the customers mind.

TV Advertisements: Big Bazaar spending a lot of money in



brand building exercise. Its commercials are shown on various channels in India.

Radio Advertisements: This technique is used in Tier 1 /Tier 2 cities. Now-a-days, it is replaced by advertisements on FM radio channels.

Reason for buying from big bazaar

- Here shopping is a great experience as one can find almost everything under the single roof. It has different features which caters all the requirements of the customers.
 - The Food Bazar/the grocery store is the department selling fruits and vegetables
 - Furniture Bazar is a large section dealing with furniture.
 - Electronics Bazar is electronic goods and cellular phones.
- The online shopping portal, shopping products of Big Bazar at the same price from home.

Pantaloon Retail (India) Limited, is India's leading retailer. It operates multiple retail formats in value and lifestyle segments of the Indian market. Headquartered in Mumbai (Bombay), operates over 10 million square feet of retail space, has over 1000 stores across 61 cities in India with over 30,000 employees. The company's leading formats include Pantaloons, chain of fashion outlets, Food Bazaar, Big Bazaar, uniquely Indian hypermarket chain, supermarket chain, blends the look, touch and feel of Indian bazaars with aspects of modern retail like choice, convenience, quality and Central, a chain of seamless destination malls. Some of its other formats include, Fashion Station Depot, Shoe Brand Factory, Factory, Blue Sky, , all, Top 10, bazaars. The company also operates an online portal, futurebazaar.com. A subsidiary company, Home Solutions Retail (India) Limited, a large-format home solutions store, selling home furniture products and E-Zone on catering to the consumer electronics segment.

Big Bazaar Wholesale Club

The Big Bazaar Wholesale Club provides an opportunity to save in bulk as the customers buy in bulk. It brings to customers bulk deals at wholesale prices. The Big Bazaar Wholesale Club offers multi-packs and bulk packs of a selected range of merchandise at wholesale prices. The merchandise categories are from Food & FMCG to Home Linen and many more. Customers will not find any loose/single unit (except fresh) at a Big Bazaar Wholesale Club. It has created 'Fashion @ Big Bazaar', a sub-brand, to position the format more than food or general merchandise.

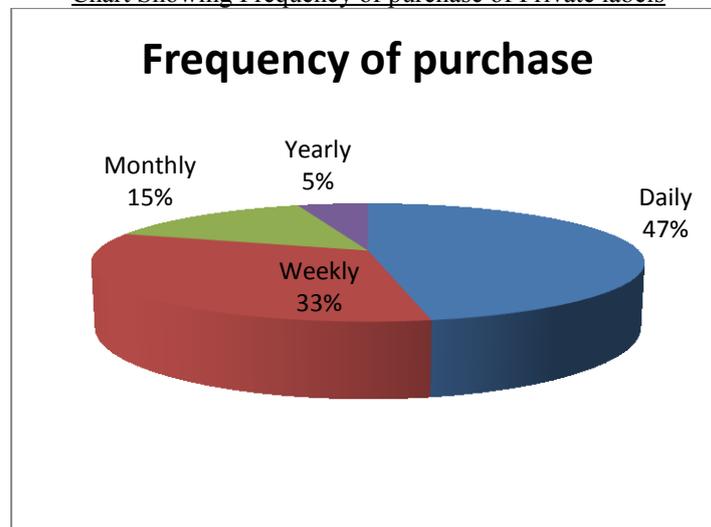
Brand building strategy

The store brand products are benchmarked to the market leader in terms of features and benefits and easily captures customer's mind due to low price. For example a branded product is priced at higher and the Big Bazaar's labeled is available at lower. Private labels are major impact on retailer's activities. Now a day's frequently decisions' food industries and retailers have to face regarding private labels Sood, J. (1993). The private labels are the brands developed and managed by distributors (retailers, wholesalers, foodservices). Retailers print their brands on products and sell them to final consumers. Store brands are differentiate retailers themselves from their competitors and to create loyalty. The manufactures are responsible for the success of their national brand products retailers play a key role in the success or failure of their private label products (Sheth, J. N 1972).

Methodology/Analytical procedure

The data collected related to this study is analyzed and used for testing the hypothesis using Signed rank test statistical tool. Sampling design was basically done as non-probability and probability/random sampling. The data is used both primary and secondary for questionnaire. The survey was conducted from the customer visiting the Bigbazar Stores. The percentage analysis charts are shown in this paper for a better understanding of the novice readers and scholars studying the retail industry and private labels.

Chart Showing Frequency of purchase of Private labels





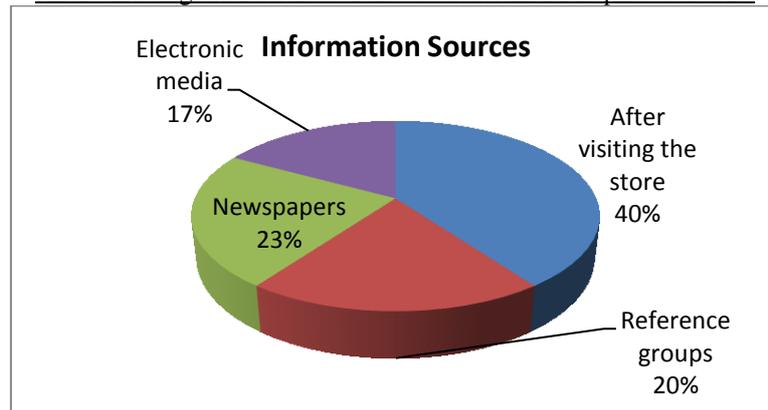
From collected data it is obvious that most of Big Bazaar's customers are come to the big bazaar daily and some customers are come to weekly and then some customers are come to the monthly and yearly.

Chart Showing factors that stimulate Preferences of private labels:



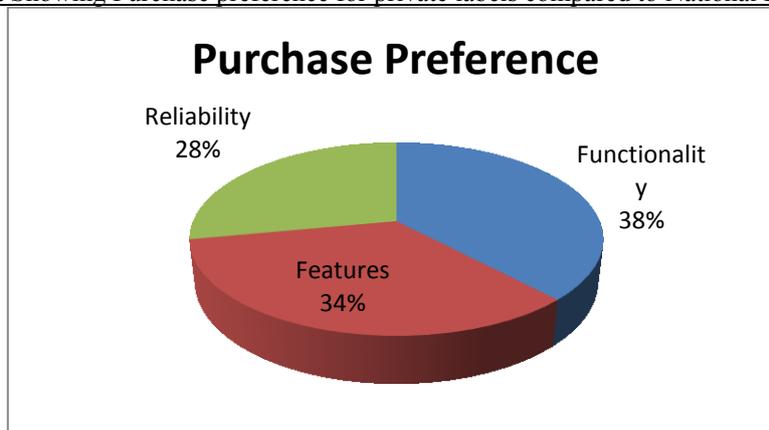
It reveals that most of Big Bazaar's customers wants to the quality and then on the basis of price of the product. Very less (5%) of the people are looking for after sales service.

Chart showing Source of awareness to customer for private labels:



Most of the people know the private products of the Big Bazaar only when they are visiting. And 23% through newspapers, 20% through reference groups and only 17% from electronic media.

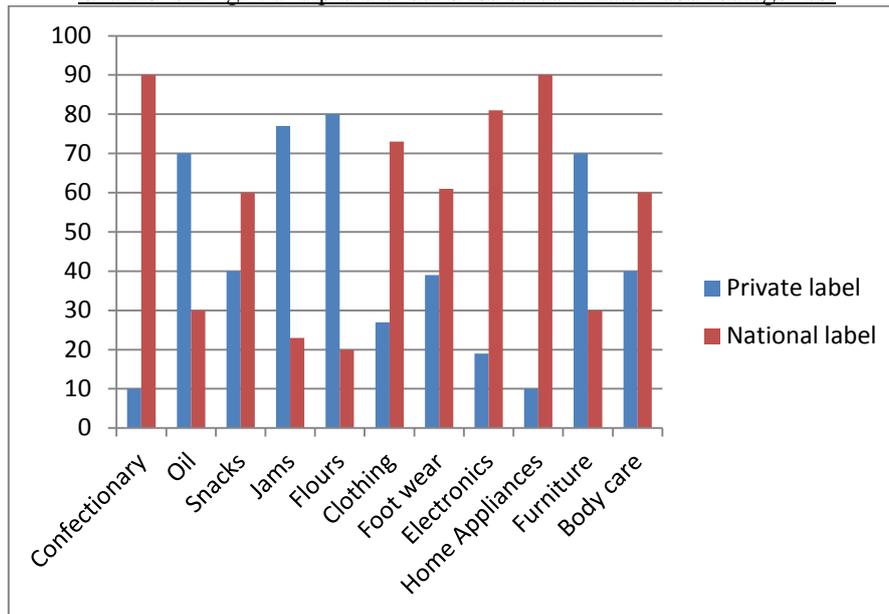
Chart Showing Purchase preference for private labels compared to National Brands:



The customers have mostly opted for functionality, to the next features and then reliability. But when compare these three options can say that these three are having equal importance.



Chart Showing Brand preference for selected Private Label Categories:



For Oils, Jams, Flours, Furniture Private Brands are preferred by most of the people. The remaining national brands were preferred.

Chart Showing Satisfaction levels of consumers on Private Labels:



18% of the respondents are dissatisfied. The remaining are satisfied. So 82% of the private brand users are favorable.

Research findings and limitations

From the data analyses and interpreted the findings for the store and products under promotional offers are as follows

- From collected data it is obvious that most of the customers purchase preference is basing up on the product functionality then after features and reliability.
- In this research the respondents male personae's are more than the females
- In the customers occupations Employees peoples are more than to Business and students
- Store found located is high more than people store location is conveniently
- Most of the people prefer the private labels on the basis of quality and price
- From collected data it is obvious that most of BigBazaar's customers after using private labeled product most of the peoples give the statement is satisfied another statement is no dissatisfaction
- People come to know about the promotional offers more from after visiting the store and newspapers.
- The private labeled products more customers preferred flours, furniture, oils, hence the remaining people preferred remaining products.
- Most of the customers purchase preference is based on the product functionality and then features and reliability.



- After using private labeled product most of the people give the statement is satisfied another statement is no dissatisfaction.

Conclusion

The Indian retail sector is basically divided into two categories Organized and Unorganized. So the total potential of the Indian retail sector is very hard to measure exactly, as the number in terms of sales and stores grow in multiples every day. In case of organized sector there are satisfactory stats developed by numerous researchers and the Govt. The positive effect of private labels turned out to play a significant role in creating loyalty among the consumers as the. The results are reliable with recent prior study of Brown (2000) and Erik et al. (2011). In the global competition for foremost share in the wallet of the customers, Retailers are shelling out millions on the strategic marketing efforts. With the help of their own private labels the margins that the organized retailers aim are significant. All these efforts are not with an unadorned objective of positioning themselves in the market, but to create a pool of customer who can be bonded to the organization. The role of private labels in generating business to the retailers is adorable in the present scenario. This is due to the increasing inflation and the prices of basic commodities have turned the consumers from national and branded items to the cheaper private labels. To maximize the profits of the retailers own branded products are receiving the lion share in the advertising budget, which in turn reaping the best out of customers' wallet to the retailers. Most of the private labels are of low prices, everything available under one roof, spot discounts, other discounts, coupons etc, and these feature make them the most preferred items in a mall.

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