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A Study on Customer Readiness towards Store Brands of Reliance Mart, Nellore, Andhra Pradesh

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ABSTRACT

The present study endeavors to investigate the perception of consumers towards store brands of Reliance Mart, Nellore. The aim of the study is to comprehend the chances of a retailer to thrive when they introduce store brands. The objective of the research is to investigate if consumer make their buying choice based on brand-loyalty and to examine the consumes' readiness towards new brands. A comprehensive investigation is carried out on the customers opinion by taking up a survey with a sample-size of 150 respondents (75 from Food & grocery section and 75 from Fashion & Apparel section) from Nellore region using a structured and undisguised questionnaire. The data so gathered is examined using statistical tools and the study reveals that most of the youth have positive opinion towards the store brands in fashion-wear and accessories. A majority of the respondents opined that quality, reliability and brand image are the dominant aspects that differentiate store brands with national and regional brands.

Key Words: Store brands, fashion & apparel, food & grocery, brand image, brand loyalty

INTRODUCTION:

India is the second fastest emerging economy in the world. It is third largest economy in the world in terms of Gross Domestic Product (GDP) and fourth largest economy in terms of Purchasing Power Parity (PPP). India is seen as providing enormous opportunities to the rest of the world and is being treated as a hub for their businesses. With emerging markets, growing infrastructure, changing preferences of consumers, sophistication of technology and encouraging policies by the government, India is all set to experience the retail revolution, fast embracing the concept of global village. India became a promising market for global brands and foreign as well as Indian retailers. India stands out from the rest of the global markets as a fast-changing vibrant retail landscape for global retailers and India's retail sector is escalating and is given a face-lift rapidly in tune with India's economic growth. Retailing in India is move stealthily towards becoming the most attractive retail destination. Shopping, in India is all set to take a new look in terms of the retail format and consumer buying behavior, heralding a new era in Indian retail. Modern retail in India is luring with expansive shopping complexes, multi-storied shopping centers, multi-malls with shopping, cinema, gaming-zones, entertainment and food all under one roof.

The concept of store 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). Store brands are brands owned, controlled, and sold exclusively by a retailer (Baltas, 1997). India has not witnessed store brands before it opened up gates for foreign players in 1990's. At those times, Indian retail was unorganized and customers were completely dependent on unorganized retailers almost for all their needs. It was in the year 1991, that Shoppers Stop pioneered the idea of store brands in India and rewritten the rules of 'shopping' by taking pains in providing international shopping experience to the Indian consumers. Later, in Kishore Biyani owned Pantaloons (incorporated in 1997) and Big Bazaar (incorporated in 2001) chain stores started dominating the Indian retail space with innovative retailing strategies and superior store brands. It is because of this reason that Kishore Biyani is often treated as the Raja of Indian Retail by all. The game is intensified with the entry of Reliance into Indian retail in the year 2006

Store brands started eating into the shares of national brands. Though store brands were earlier treated as cheaper alternatives for name brands, today they are also seen as not only low-priced but also as having good quality and for the retailers, it is offering high margins. With the growth of organized retail in India, store brands received a big push from the corporate retailers. Although, initially store brands were restricted only to certain product categories viz., grocery and apparel, it is gradually finding place in other categories as well.

Literature Review

The primary reasons that have been quoted in the academic and business spheres for retailers to stock brands are (i) higher margins ; (ii) scope for negotiation with national brand manufacturers; and (iii) improved store loyalty by consumers (Hoch and Banerjee 1993). Store brand choice depends on ‘shopping experience’, ‘value’, ‘time utility’, ‘possession utility’, and ‘place utility'. Hoch and Banerjee (1993) challenged the widespread perception that a store brand's chief attraction was the considerable price cut in comparison with national brand. They accentuated the role of product quality in the store brand purchase decision. The study revealed that the perceived quality was much significant than the level of price discount in determining the share of store brands. Quite a few studies have investigated the role of customer taste and preferences on the perceptions of store brands. Sundel (1974) used a ‘blind’ (brands not identified) taste test and uncovered that there was hardly any difference in respondents' ratings between national, regional and store brands of bread and canned corn. Nevertheless, consumers perceived national brands to be superior to regional or local store brands. Labeaga et al. (2007) tested whether store brands help retailers in building store loyalty by differentiating their offerings. While manufacturer brands are available to customers at many competing stores, store brands are available exclusively with on retailer. Consumers who regularly shop for particular store brands are much concerned with the switching costs when their favorite store brand is no longer available. Consequently, consumers who switch to other retailers experience tough cognitive processes by comparing and evaluating the other brands, including the unfamiliar store brands, in opting for new product.

Consumers who buy particular store brands as a routine do not only become loyal to that brand but also to the store through which it is sold (Collins and Burt, 2003). One strong belief among consumers of the store brands towards its popularity and growth is that it offers price advantage over national brands (Batra and Sinha, 2000). However, quality of the store brands appears to be more imperative than low price in determining the success for store brands (Hoch and Banerji, 1993). An interesting issue about store brands is the fact that their growth has been extremely uneven across the product categories (Hoch and Banerji, 1993).

Need for Private Label Brands:

As competition is getting intensified, retailers are chalking out new strategies to survive in the marketplace, one such strategy being private branding espoused by most of the retailers. Because of this reason most of the retailers in recent times have introduced a slew of store brands in different categories viz., apparel, food and beverages, grocery, health care, personal care, consumer durables, lifestyle etc. The chief driving force behind introducing private label brands is to ensure the customer loyalty. This can be attained as brand is available only with one particular retailer.

FINDINGS
Fashion & Apparel

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Table 1: (a) Shoppers Choice of Manufacturer/national Brands Instead of Private Brands in Food and Apparel category.

S. No.	Currently Used Brand	Frequency	Percentage
1	Basics	45	30
2	Levis	34	23
3	Peter England	22	15
4	Louis Philip	13	9
5	Raymond	12	8
6	Park Avenue	6	4
7	John Player	4	3
8	Reebok	14	8
Total		150	100

From the table above, it can be inferred that a majority of the respondents (30%) use Basics, 23% of respondents use Levis, 15% of respondents use Peter England; 9%-Louis Philip; 8%- Reebok and Raymond each; Parke Avenue by 4% and a mere 3% use John Player.

Graph 1: (a) Shoppers Choice of Manufacturer/national Brands Instead of Private Brands in Food and Apparel category.

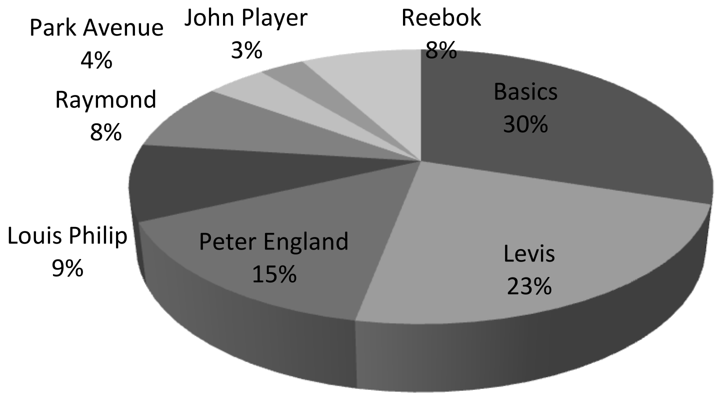
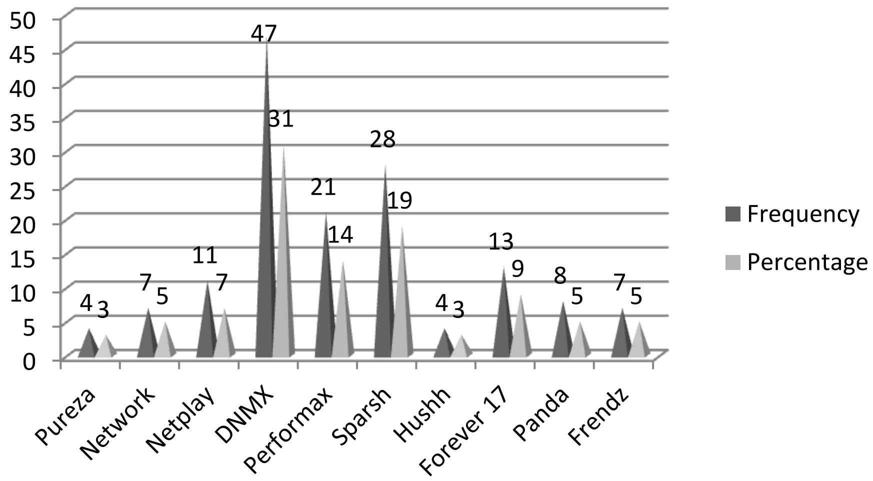


Table 2:(a) Purchase Frequency of Reliance Retail Store Brands in Fashion and Apparel category.

S. No.	Store Brand	Frequency	Percentage
1	Pureza	4	3
2	Network	7	5
3	Netplay	11	7
4	DNMX	47	31
5	Performax	21	14
6	Sparsh	28	19
7	Hushh	4	3
8	Forever 17	13	9
9	Panda	8	5
10	Frendz	7	5
Total		150	100

In the above classification of the store brands used by the respondents , it was found that a majority of them (47%) have preferred DNMX, followed by Sparsh and Performax.

Graph 2:(a) Purchase Frequency of Reliance Retail Store Brands in Fashion and Apparel category.



Food and Grocery:

Table 2: (b) Purchase Frequency of Reliance Retail Store Brands in Food and Grocery category

S. No.	Store Brand	Frequency	Percentage
1	Reliance Select	43	57
2	Reiance Value	22	29
3	Reliance Tea	7	9
4	Reliance Honey	3	4
Total		75	100

In the classification of the private brands used by respondents in the Food and Grocery section, it was found that the Reliance Select and Reliance Value occupied the preference list by most of the respondents (57% and 29% respectively) and Reliance Tea and Reliance Honey were also preferred by a few customers (9% and 4% respectively)

Graph 2: (b) Purchase Frequency of Reliance Retail Store Brands in Food and Grocery category

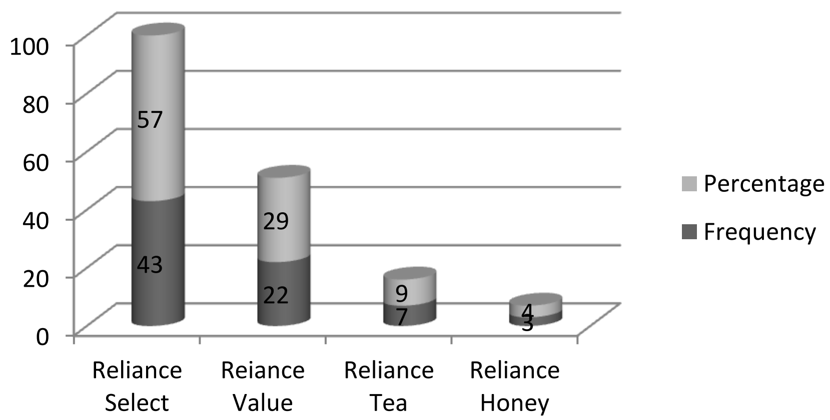


Table 3:(a) Competing Brands For Reliance Select

S. No.	Competing Brand	Frequency	Percentage
1	Aashirvad	33	44
2	Annapurna	21	28
3	Pillsburry	14	19
4	Sibhalakshmi	7	9
Total		75	100

From the above table we can easily identify the competing brands for Reliance Select i.e., Aashirvad is extremely leading with other brands at 44%., followed by Annapurna and Pillsubry (28% and 19% respectively). Surprisingly, a local brand Subha Lakshmi is also competing though with a mere 9%.

Graph 3:(a) Competing Brands For Reliance Select

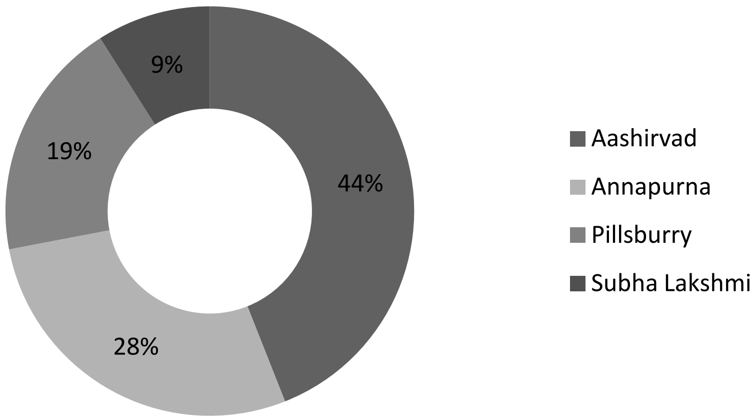


Table 4: (a) Factors Influencing the Purchase of National Brands

S. No.	Factors	Frequency	Percentage
1	Quality	33	44
2	Price	19	25
3	Trust	4	5
4	Variety	7	9
5	Brand Image	4	5
6	Availability	5	7
7	Others	3	4
Total		75	100

From the table , it can be inferred that 44% of respondents are influenced by quality of the national brands they buy, for 25% of the respondents it is price and the rest of the factors are seen as not playing much role, when taken individually, in attracting them towards the purchase of national brands.

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Graph 4: (a) Factors Influencing the Purchase of National Brands

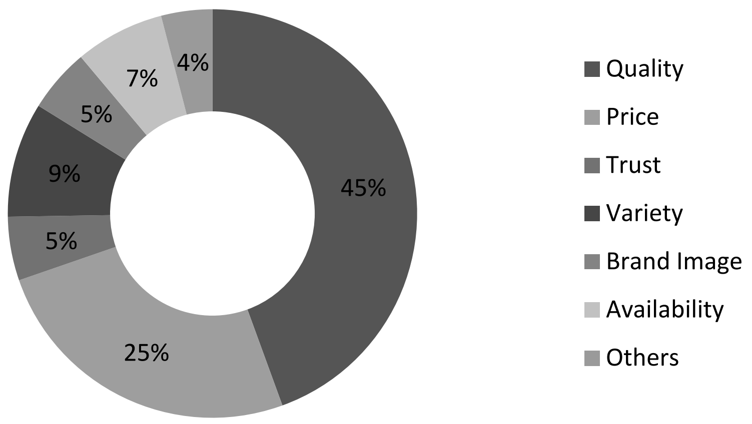

Table 4: (b) Factors Influencing the Purchase of Store Brands

S. No.	Factors	Frequency	Percentage
1	Quality	17	23
2	Price	37	49
3	Trust	3	4
4	Variety	4	5
5	Brand Image	7	9
6	Availability	6	8
7	Others	1	1
Total		75	100

Among the factors leading to the choice of store brands, it was found that a majority of the respondents (49%) gave preference to price in purchase of store brands and 23% of the respondents felt that quality of the product was the next significant factor that determines the choice of the store brand. Trust in brand, variety, brand image and availability also played equal part in choice of store brands.

Graph 4: (b) Factors Influencing the Purchase of Store Brands

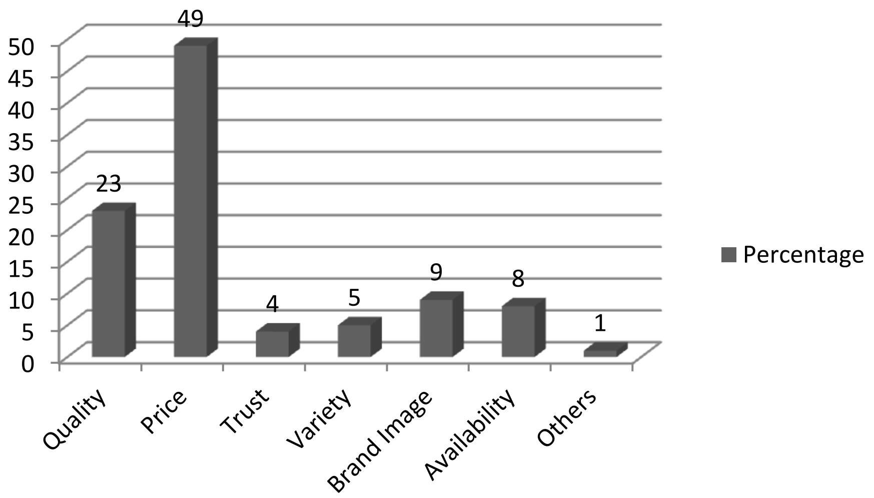

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Table 3: Pricey Brand

S. No.	Type	Frequency	Percentage
1	Store Brand	12	16
2	National Brand	63	84
Total		75	100

It can be understood from the above table that most of the respondents (84%) are of the opinion that buying a national brand is expensive compared to store brand.

Graph 3: Pricey Brand

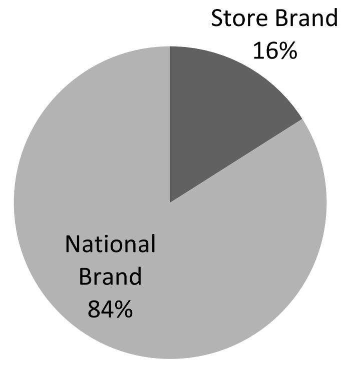

Table 4: Store Brand Innovation

S. No.	Response	Frequency	Percentage
1	Yes	6	8
2	No	69	92
Total		75	100

Of the total respondents a majority (93%) think that national brands are still innovative whereas a very negligible respondents (8%) said store brands are innovative in its offering.

Graph 4: Store Brand Innovation

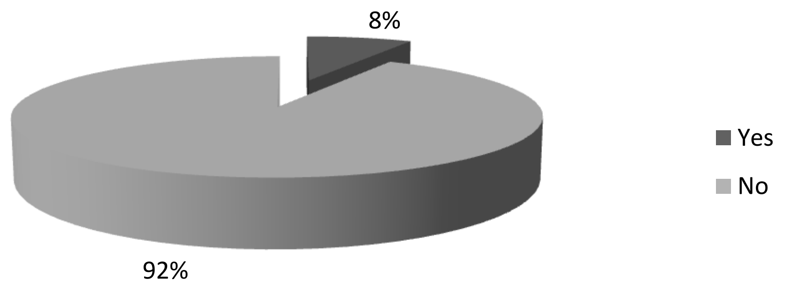

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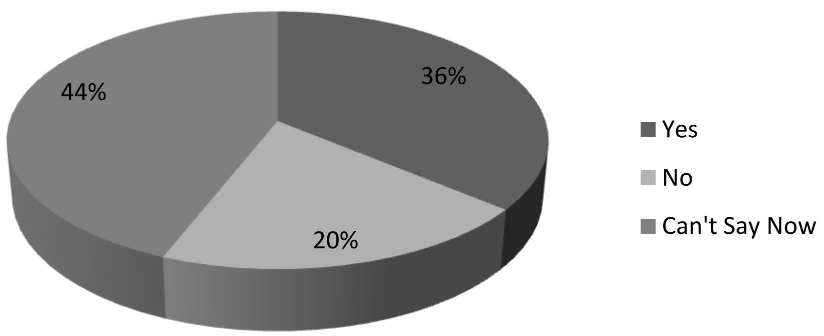
Table :5 Shoppers' Perception towards Future Purchase of Store Brands

S. No.	Response	Frequency	Percentage
1	Yes	27	36
2	No	15	20
3	Can't Say Now	33	44
Total		75	100

The above table provides good insights that though considerable percentage of the respondents (36%) agreed that they would plan to buy store brands in future too, still there is a huge percentage of the respondents (64%) who seems to be skeptical. Of the total respondents, 20% said they are not ready to buy store brands in future, where as a good percentage of them (44%) said they can't say if they are going to buy in future or not as if now.

Graph :5 Shoppers' Perception towards Future Purchase of Store



BRAND PREFERENCE* AGE CROSS TABULATION:

HYPOTHESIS:

Null Hypothesis (Ho): There is no significant relationship between product category and rationale behind purchasing.

Alternative Hypothesis (H1): There is a significant relationship between product category and rationale behind purchasing.

Crosstab

			Age					
			15-20	21-25	26-30	31-35	36-45	Total
Qus3-fob	Store Brand	Count	3	6	8	1	5	23
		Expected Count	2.2	5.0	6.3	3.2	6.3	23.0
	National Brand	Count	4	10	12	9	15	50
		Expected Count	4.8	11.0	13.7	6.8	13.7	50.0
Total		Count	7	16	20	10	20	73
		Expected Count	7.0	16.0	20.0	10.0	20.0	73.0

CHI-SQUARE TESTS

	Value	df	Asymp. Sig (2-Sided)
Peason Chi-Square	3.888*	4	0.421
Likelihood Ration	4.326	4	0.364
Linear-by-Linear Association	1.896	1	0.169
No of Valid Cases	73		
a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.21			

As 0.421 < 0.5, the null hypothesis is accepted and we inferred that there is a significant relationship between product category and reason behind purchasing.

CONCLUSION

From this study, one can come to the conclude that store brands are able to position themselves significantly in the mind of customers and are gaining acceptance. Growth in specific store rand category like Food & Grocery and Fashion & Apparel product categories are growing at a faster pace. While, the future of store brand is dependent on the retailer's ability to overcome key challenges such as adaptive supply chain practices, quality infrastructure, accelerated growth in new categories, blurring dividing lines between store brands and national brands. From the study, it was found that good quality, price, trustworthy, large variety are the most influencing factor which drive the customer to buy the private label brand. Therefore, these are the factors which should be considered while coming with the future store brand. This in turn will help the stores to increase sales.

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