EXAMINING CUSTOMER PURCHASE DECISIONS REGARDING PRIVATE LABEL BRANDS IN SUPER AND HYPERMARKETS IN MADURAI AND COIMBATORE CITIES: AN EMPIRICAL PERSPECTIVE

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ABSTRACT

The aim of this research paper is to explore the factors that influence Indian consumers' decisions when purchasing private label brand products. The study employs an exploratory approach followed by a causal investigation to test different scenarios. A structured questionnaire was used to collect responses from shoppers in the Madurai and Coimbatore cities of Tamilnadu. Factor analysis and regression analyses were then conducted. The exploratory factor analysis identified five key factors: brand awareness, brand quality, brand loyalty, brand image, and satisfaction. Hypothesis testing was conducted to examine the impact of these factors on consumers' decisions to purchase private label brands. The results revealed that brand image was the most significant factor, followed by brand awareness, brand quality, and brand loyalty. However, satisfaction was found to vary among different customers and was not considered a relevant factor. The findings of this study suggest that retailers should take into account the preferences of different age groups when it comes to Private Label Brands (PLBs). Regardless of consumers' age, factors such as value for money and satisfaction derived from previous usage are considered important in purchase decisions.

KEYWORDS: Private Label Brand, Purchase Decisions, PLB's, Purchase Decision-Making Process

INTRODUCTION

In the past, consumers perceived Private Label Brands (PLBs) as inferior in quality compared to national brands. However, in the 90s, PLBs in Western countries underwent significant improvements, leading to a more positive consumer perception. As consumer behavior and usage patterns continue to evolve, it becomes necessary to examine different perspectives. The growth of modern trade, including hypermarkets, supermarkets, and specialty stores, has contributed to the expansion of the retail market. Developed countries like Europe, the UK, and the USA have witnessed a dominant presence of Private Label Brands in the retail segment, while emerging economies like India and China are also experiencing their emergence. The growth of organized retail in India has prompted leading retailers like Reliance Smart, Jiomart, Dimart, Kurinji metro, and others to create their own private label brands. These PLB products are consumer brands developed and sold by retailers under their own name or brand, through their own outlets. These products are owned and labeled by the organizations whose main objective is distribution rather than production, resulting in higher profit margins and increased store loyalty for retailers.

REVIEW OF LITERATURE

Consumer behavior has been extensively explored in the academic literature. Recent studies have highlighted the impact of various factors on consumer behavior, including the rise of social and cultural interactions on a global scale, advancements in digital technologies, and the globalization of marketing efforts. These influences have contributed to the emergence of a more cosmopolitan consumer mindset. However, despite these insights, consumer behavior still presents complex challenges that warrant additional investigation and analysis.

In a study conducted by Makrides (2021), several research directions were identified, and one of them highlighted the importance of expanding the existing literature regarding the impact of demographic characteristics, such as age, education, and orientation, on consumer behavior. Given the intricate and interconnected nature of the various factors at play, research on food consumer behavior has often concentrated on specific geographical, cultural, and product-related aspects. This focus on specific factors is necessary because making generalizations about consumer behavior in this context can be challenging without considering these specific elements.

Recent research has highlighted the influence of age on various aspects of purchasing decisions. Specifically, older adults tend to recall fewer negative images compared to positive or neutral images, and they typically remember more emotionally positive images. In the study, participants were shown a series of images and asked to rate the positivity or negativity of each image. They were also tasked with remembering as many images as possible. The findings revealed that older adults rated the images as less negative compared to younger adults. Furthermore, older adults recalled fewer negative images but had better memory for emotionally positive images in comparison to their younger counterparts.

Researchers speculate that these findings may be attributed to several factors. One possibility is that older adults have accumulated more life experiences involving negative emotions, resulting in reduced sensitivity to negative stimuli. Another potential explanation is that older adults have developed more effective coping mechanisms for dealing with negative emotions. These factors may contribute to the observed differences in emotional perception and memory between older and younger adults. A study was conducted in 2020 to examine the perspective of 90's customers on private label (PL) products. The study revealed that 90's customers are highly aware of PL products and are more likely to buy them. The most important factors that influence millennial customers to buy PL products are quality, good previous experience, and a good mix of price and quality. The most important factors that influence millennial customers to buy PL products are quality, good previous experience, and a combination of reasonable price and quality. The study's findings are important for retailers and manufacturers of PL products. Retailers can use the findings to develop marketing strategies that target millennials. Manufacturers can use the findings to uplift the quality of Private label items.

During periods of recession, consumers are inclined to purchase private label products. This behavior can be attributed to the heightened financial concerns individuals experience during economic downturns, leading them to seek cost-saving measures. Private label products provide an opportunity for consumers to economize without compromising on quality. Retailers can leverage private label brands to attract and retain customers, particularly when consumers become more price-conscious during recessions.
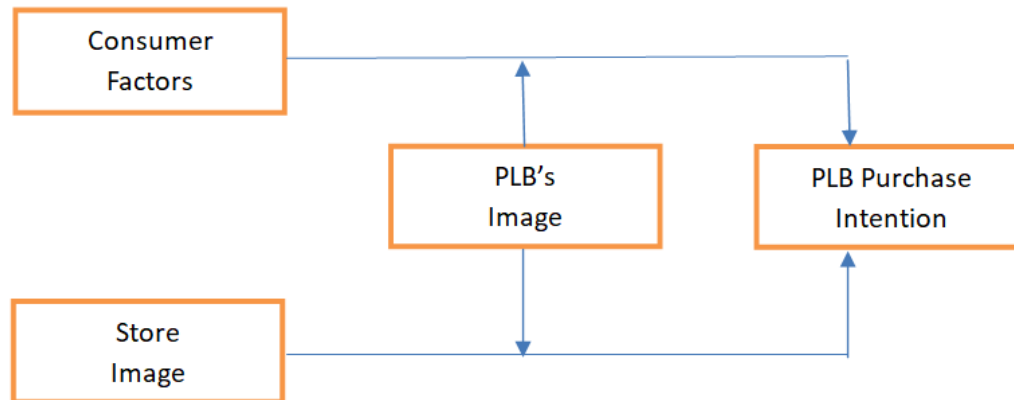
Conceptual Model

Figure 1: Conceptual Model.

Consumer Purchase-Decision making Factors

Price

Consumers often prioritize and value the lower cost aspect of private label products when considering their purchase. The affordability of private label items compared to branded products serves as a significant selling point. This cost advantage significantly influences consumers' buying decisions, especially among those who prioritize value for money. Individuals with limited income are more inclined to choose private label products due to their heightened awareness of costs. As a result, these consumers, who hold a positive perception of private label brands, exhibit a strong price-consciousness and tend to assign less importance to other factors when evaluating brands.

Value

Consumers also take into account the interplay between product quality and cost, as these factors hold considerable importance. In recent years, private label brands (PLBs) have witnessed significant improvements, and an increasing number of consumers are acknowledging the appealing combination of good quality and affordable prices that these products offer. Consequently, private label products provide excellent value for money when compared to higher-priced, branded alternatives. Consumers carefully consider both cost and quality aspects when making purchasing decisions and generally hold a positive perception of private label brands. As a result, heightened consumer awareness of the value provided by private label products leads to an increased intention to purchase and a greater likelihood of opting for private label options across various scenarios. The nature of PLB's holds more significance than simply the low cost while deciding the portion of the overall industry of private marks. Truth be told, the genuine nature of PLB's is frequently higher than the apparent quality. This implies that consumers who partner quality items with PLB are more disposed to buy these products. Major selling point that is frequently expected and esteemed by consumers while considering private name items is their lower cost contrasted with marked items.This cost advantage influences consumer purchasing decisions, particularly among those who prioritize value for money. Consumers with limited income are more likely to opt for private label products due to their increased cost awareness. Consequently, these individuals who have a positive perception of private label brands are highly price-conscious and tend to place less emphasis on other factors in their brand evaluation.

Store Image

The relationship between store image and consumers is closely linked to the actions of the retailer and the perceived value of the brand, which is a significant variable. In other words, consumers form preferences for the store ambiance, the services provided, and the quality of products offered by a particular store or retail chain. This is because many individuals perceive private label brands as an extension of the store's own brand. When consumers hold a positive perception of a store's image, it has a favorable impact on the perception and evaluation of the private label brands carried by that store. In cases where consumers are unfamiliar with a specific brand, the store image often serves as one of the key cues used to quickly assess the private label brand.

Consumer Satisfaction & Loyalty

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RESEARCH METHODOLOGY

The researcher employed a non-probabilistic purposive sampling method to select participants for the study, which followed a descriptive research design. The study utilized a structured questionnaire consisting of two sections. The first section gathered demographic information from the respondents, while the second section included 25 independent variables related to Awareness, Association, Quality, Reliability, and Satisfaction. A total of 120 samples were collected from individuals aged between 20 and 60. Data collection was conducted through both online and offline modes, specifically targeting customers exiting major super and hypermarkets in the Trichy and Thanjavur districts of Tamilnadu. Statistical software packages for social sciences were utilized for data analysis and interpretation. The analysis involved reliability measures, multiple regression analysis, Pearson correlation, and factor analysis as the main tools employed.

Research Objectives

The research aims to address the following objectives:

- Identify the crucial factors that influence customer purchasing decisions when it comes to private label brands.

- Examine how these factors impact customer behaviour and decision-making in the context of purchasing private label brands.

- Gain insights into the demographics of the respondents, including age, gender, income level, and education.

Research Hypothesis

- H1: Consumers are influenced by the extensive presence of PLB's

- H2: Consumers are influenced by the dependability of PLB's

- H3: Consumers are influenced by the zero defectiveness of PLB's.

- H4: Consumers are influenced by the freshness of PLB's
- H5: Consumers are influenced by the Price of PLB's.

Data Analysis and Interpretation

Table 1: Reliability Statistics

Dimensions	Cronbache's Alpha Reliability Value
Extensive presence	0.712
Dependability	0.635
Zero Defectiveness	0.502
Freshness	0.885
Price	0.510

The researchers performed calculations of alpha values to assess the reliability of the questionnaire employed in the study. The alpha values for all dimensions were determined to be greater than 0.5, indicating satisfactory reliability.

Reliability is a measure of consistency in which items within a scale or dimension of a questionnaire consistently assess the same underlying construct. In the study, the researchers evaluated the reliability of the questionnaire by calculating alpha values. An alpha value of 0.5 or higher is generally regarded as acceptable, indicating that the items within each dimension of the questionnaire provide reliable measurements of the specific construct they are designed to evaluate.

The obtained alpha values above 0.5 indicate that the questionnaire utilized in the study demonstrates satisfactory internal consistency. This suggests that the items within each dimension reliably measure the factors under investigation. As a result, the findings derived from the questionnaire data can be considered reliable, enhancing the validity of the study's conclusions.

Table 2: Simple Percentage Analysis

S. No	Qualification	Percentage
1	Illiterate	7
	High School	10
	Higher Secondary	22
	UG	36
	PG & above	45
2	**Frequency of Visit to Markets**	
	Once in a Week	9
	Fortnightly	12
	Monthly	40
	Bi-monthly	50
	Anytime needed	9
3	**Who referred this store to you**	
	Self	15
	Friend	45
	Colleague	45
	Relation	10
	Spouse	5

Table 3: Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.758
Bartlett's Test of Sphericity	Approx. Chi-Square	1.276E2
	Df	209
	Sig.	.001

The significance level (0.001) being lower than the assumed value (0.05) indicates that the factor analysis conducted in the study is statistically significant. This suggests that the analysis is valid and supports the reduction of data for the Private Label Brands (PLB) variables.

The Kaiser-Meyer-Olkin (KMO) coefficient is a measure of sampling adequacy used to assess the suitability of data for factor analysis. A KMO value above 0.5 is generally considered acceptable, indicating that the data is suitable for factor analysis.

In this case, the KMO coefficient of 0.758 indicates that the factor analysis for data reduction is effective for the PLB variables. This suggests that the collected data for the PLB variables exhibits sufficient correlation among the items and is appropriate for conducting factor analysis to identify underlying factors or dimensions.

Considering the significance level and KMO coefficient, it can be concluded that the factor analysis conducted in the study is both statistically valid and effective for reducing the data related to Private Label Brands.

Table 4: Total Variance

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.113	19.656	19.656	4.113	19.656	19.656	2.314	11.058	11.058
2	1.710	8.172	27.828	1.710	8.172	27.828	2.141	10.231	21.289
3	1.432	6.844	34.672	1.432	6.844	34.672	1.888	9.022	30.312
4	1.302	6.222	40.894	1.302	6.222	40.894	1.672	7.990	38.303
5	1.122	5.362	46.256	1.122	5.362	46.256	1.491	7.125	45.428
Extraction Method: Principal Component Analysis.									

In exploratory factor analysis, eigenvalues serve as an indicator of the total variance explained by each factor. The percentage of variance attributed to each dimension aids in determining the significance of the factors in elucidating the underlying structure of the data.

Principal Component Analysis (PCA) is a commonly used method in exploratory factor analysis, aiming to identify the minimum number of factors that account for the maximum variance in the data.

In the present study, the results from PCA indicate the identification of five components, which collectively explain 45% of the total variance in the factor analysis. This implies that these five components play a significant role in explaining the underlying structure and coherence of the data.

By considering the eigenvalues and the percentage of total variance explained by each factor, researchers can gain insights into the most influential factors or dimensions contributing to the observed patterns in the data. These findings provide valuable information for comprehending the underlying factors associated with the Private Label Brands (PLBs) in the study.

CONCLUSION

The objective of this study was to identify the important attributes that influence Indian consumers when making purchasing decisions for private label brands in the food and grocery sectors. The researchers conducted a thorough literature review to identify various price- and non-price-related attributes associated with both national and private-label brands.

Based on the literature review, five attributes were identified as crucial from the consumer perspective when purchasing private label brands. These attributes included price, quality variability, value, brand image, brand loyalty, and store image. To collect data, a survey was conducted specifically targeting the major super and hypermarket food and grocery sectors in the Madurai and Coimbatore cities.

The results of the exploratory factor analysis (EFA) demonstrated that the 25 survey items could be categorized into five distinct factors: price, extensive presence, zero defectiveness, dependability, and freshness. A causal analysis was then performed to determine the most significant and differentiating factor for private label brand purchasing. The findings indicated that freshness had the most substantial influence, followed by extensive presence, dependability, and price. Zero defectiveness, on the other hand, was found to be insignificant as it varied among individuals.

These findings provide valuable insights into the factors that significantly impact the purchasing decisions of Indian consumers regarding private label brands. By understanding these key attributes, retailers and marketers in the food and grocery sectors can develop effective strategies to attract and retain customers.

REFERENCES

The studies mentioned encompass a wide range of topics related to private label brands and their effects on consumer behavior. Each study provides valuable insights into different aspects of this subject. Here are brief summaries of each study:

1. *Batra, R. and Sinha, I. (2000): In this study, the researchers examine consumer-level factors that play a role in influencing the success of private label brands. Specifically, they investigate how factors like the product category, brand familiarity, and store reputation impact consumers' perceptions and choices when it comes to private label brands. The study aims to provide insights into the specific variables that moderate consumer behavior towards private label brands, contributing to a deeper understanding of their success in the market.*

2. *Hoch, S.J. and Banerji, S. (1993): This study focuses on understanding the circumstances in which private label brands thrive in the market. It delves into the significance of various factors, including price advantage, product quality, and retailer commitment, in influencing the success of private label brands. By exploring these factors, the study aims to shed light on the conditions that contribute to the favorable performance of private label brands, providing valuable insights for retailers and marketers in effectively positioning and promoting their private label offerings.*

3. *Paswan, A.V.A (2006): This study explores the relationship between private label brand image, store image, and national brand image. It investigates how these factors influence consumer perceptions and preferences for private label brands.*

4. *Saxena, S., & Srivastava, R. (2015): This study centres around understanding the perceptions of customers regarding private label brands and investigates the impact of socio-demographic variables on these perceptions. Specifically, the study explores how factors such as age, gender, income, and education influence customers' perceptions and attitudes towards private label brands. By examining the interplay between socio-demographic variables and customer perceptions, the study aims to provide insights into the diverse factors that shape consumers' views of private label brands. This knowledge can assist retailers and marketers in tailoring their strategies to better meet the preferences and needs of different consumer segments.*

5. *Singhi, R., & Kawale, D. (2010): This empirical study focuses on examining the relationship between private label brands and store loyalty. It investigates how the presence and perception of private label brands influence customer loyalty towards a particular store.*

6. *Sethuraman, R., Cole, C. (1999): This study investigates the factors that influence the price premiums consumers are willing to pay for national brands compared to store brands. It specifically focuses on understanding how factors such as brand equity, perceived quality, and advertising impact consumers' willingness to pay higher prices for national brands.*