



# Review of ReseaRch

ISSN: 2249-894X

Impact Factor : 5.7631 (UIF)

Volume - 12 | Issue - 8 | May - 2023



---

---

## AN EMPIRICAL STUDY ON CONSUMER PURCHASE DECISION MAKING WITH RESPECT TO PRIVATE LABEL BRANDS IN SUPER AND HYPER MARKETS.

**Mr. Saravanan Shanmugam<sup>1</sup> and Dr. Karthikeyan K.<sup>2</sup>**

<sup>1</sup>Research Scholar, Saranathan College Of Engineering.

<sup>2</sup> Professor & Head, Department Of Management Studies, Saranathan College Of Engineering.

### ABSTRACT:

*The objective of this paper is to investigate the variables that are viewed as by Indian purchasers while buying private label brand items. The study seeks to determine how these factors influence consumers' decisions to purchase private label brands. Incidentally, an exploratory approach was adopted, and then a causal investigation to test various situations. The study used a structured questionnaire to assort responses from different shoppers of the Trichy and Thanjavur districts of Tamilnadu. Subsequently, factor analysis and various regression analyses were conducted. The exploratory factor analysis identified five key factors, namely brand awareness, brand quality, brand loyalty, brand image, and satisfaction. Further, hypothesis testing was conducted on these factors to determine their impact on private label brand purchase decisions. The results indicated that brand image was one of the most significant factor, then brand awareness, brand quality, and brand loyalty, while satisfaction was found to be irrelevant as it varies among different customers. The findings of this study suggest that retailers should consider the response registered by various age groups with respect to Private Label Brands (PLBs). Irrespective of the age of the consumers, money value and satisfaction from former usage are considered important factors in purchase decisions.*



**KEYWORDS:** Private label brand, Purchase decisions, PLB's, Purchase Decision-making process.

### INTRODUCTION:

Years before, consumers witnessed Private Label Brands (PLBs) as a low quality product when compared to national brands. However, during the 90s, PLBs became more sophisticated in Western countries, resulting in a better attitude of consumers towards them. As consumers and usage patterns continue to evolve, different perspectives need to be studied. The increase in modern trade, such as hypermarkets, supermarkets, and specialty stores, has contributed to the growth of the retail market. Private Label Brands have dominantly captured the retail segment in developed countries such as Europe, the UK, and the USA, and are also emerging in developing countries like India and China. Organized retail's growth in India has led to the creation of private label brands by leading retailers such as Reliance Smart, Jiomart, Dimart, Kurinji metro and much more. PLB items are characterized as consumer brands created and sold by retailers under their own name or brand name through their own outlets. These items are possessed and named by the organizations whose essential goal is dissemination as opposed to creation, bringing about bigger edges and expanded store reliability for retailers.

## REVIEW OF LITERATURE

The study of consumer behavior is widely examined in the literature. Recent researches have emphasized that the increase of social and cultural flows worldwide, new digital technologies, and the globalization of marketing activities have shaped consumers' movement towards a growing cosmopolitanism. These factors indicate that the matters concerning consumer behavior remain complex and require further examination.

Makrides (2021) have identified several research directions, and one of them emphasizes the necessity of extending the current literature in terms of the influence of demographic characteristics (such as age, education, and orientation). Due to the complexity and high interconnectivity of the factors involved, research on food consumer behaviour has tended to focus on specific geographical, cultural, and product aspects as making generalizations on this subject is difficult without considering these specific factors.

Recent research has shown that age can influence the profound parts of buying choices. More seasoned grown-ups will generally recollect less pessimistic pictures than positive or impartial pictures, and they will more often than not recall all the more genuinely sure pictures. They showed participants a series of images and then asked them to rate how positive or negative each image was. They also asked participants to remember as many of the images as they could. The results showed that older adults rated the images as less negative than younger adults. They also remembered fewer negative images than younger adults, and they remembered more emotionally positive images. The researchers believe that these findings may be due to a number of factors. One possibility is that older adults have had more experiences with negative emotions, so they are less likely to be triggered by them. Another possibility is that older adults have learned to cope with negative emotions in a more effective way.

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.

The consumers are likely to buy private label products during a recession. This is because consumers are more likely to be concerned about their finances during a recession and are looking for ways to save money. Private label products offer a way for consumers to save money without sacrificing quality. PLB's can help retailers attract and retain customers during a time when consumers are more price conscious.

### Conceptual Model

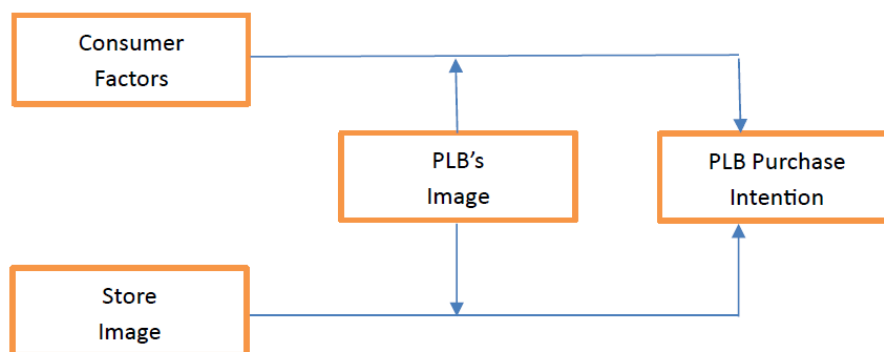


Fig 1.0 – Conceptual Model

---

## Consumer Purchase-Decision making factors

### Price

The essential selling point that is frequently expected and esteemed by shoppers while considering private name items is their lower cost contrasted with marked items. This cost advantage influences consumer purchasing decisions, particularly among who gives 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.

### Value

Consumers also consider the balance between product quality and cost, as these factors are significant. In recent times, PLB's has significantly improved, also more consumers are recognizing the combination of good quality and lower prices that these products offer. As a result, private label products provide excellent money value compared to quality brands. Consumers considers account both cost and quality when making purchasing decisions and generally have a favorable attitude towards private label brands. Therefore, higher consumer value awareness of private label products leads to increased purchase intentions and a greater likelihood of choosing private label options in various circumstances.

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 connection between store picture and buyers is intently attached to the exercises of the retailer and the brand esteem, which is a critical variable. At the end of the day, buyers have areas of strength for an of the store climate, the administrations offered, and the nature of the items given by a particular store or chain. This is because many people perceive the private label brand as an extension of the store's own brand. When consumers have a positive perception of a store's image, it has a favorable impact on the private label brands carried by that store. When consumers are unfamiliar with a brand, the store image often serves as one of the key cues for quickly judging the private label brand.

### Consumer Satisfaction & Loyalty

Customer satisfaction is defined as the value customer gives throughout their journey, starting from the purchase of a product or service, through its usage, and extending to the after-sales service. In an another study the authors aimed to assess the level of customer satisfaction regarding private labels by analyzing secondary data from various previous articles. The discoveries demonstrated that private names are generally welcomed by clients who are viewed as faithful to a particular producer and will attempt any item evolved by that specific association. It was uncovered that private marks affect consumer loyalty when the association has a deep rooted client the board approach that can draw in clients paying little mind to changes in their inclinations. In their study, Reddy and Gowrishankar (2019) identified customer loyalty as one of the challenges that could affect customer satisfaction with specific private label brands. They emphasized that customer loyalty is a crucial factor that can hinder the development of customer satisfaction towards private labels. They likewise featured that

dependability towards private marks can be accomplished when associations reliably convey an elevated degree of consumer loyalty.

### Research Methodology

The researcher adopted a non-probabilistic purposive sampling approach and conducted a descriptive type of research. The review used an organized poll comprising of two segments. The principal area accumulated segment data from the respondents, while the subsequent segment included 25 independent variables connected with Awareness, Association, Quality, Reliability, and Satisfaction. A total of 120 samples were collected from consumers aged between 20 and 60. The data collection was carried out using both online and offline modes. Exit customers were surveyed in significant super and hypermarkets in the cities of Trichy and Thanjavur districts of Tamilnadu. Data analysis and interpretation were performed using statistical software packages for social sciences. The tools employed in the analysis included reliability measures, multiple regression analysis, Pearson correlation, and factor analysis.

### Research Objectives

The research will explore the following objectives:

- To find the key components or factors that influence customer buying decisions regarding private label brands.
- Analyze the impact of these components on customer purchase behavior and decision-making.
- Understand the demographic insights of the respondents, such as 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	0.783
Dependability	0.665
Zero Defectiveness	0.512
Freshness	0.901
Price	0.535

The researchers calculated alpha values to evaluate reliability of the questionnaire used in the study. The alpha values for all the dimensions were found to be above 0.5, indicating adequate reliability.

Reliability refers to the items within a scale or dimension of a questionnaire consistently measure the same construct. An alpha value of 0.5 or higher is generally considered acceptable, indicating that the items within each dimension of the questionnaire are reliable measures of the construct they are intended to assess.

The finding of alpha values above 0.5 suggests that the questionnaire used in the study has satisfactory internal consistency, indicating that the items within each dimension are reliable measures

of the factors being investigated. This provides confidence in the data reliability collected from the questionnaire and strengthens validity of the findings.

**Table 2**  
**Simple Percentage Analysis**

S. No	Qualification	Percentage
1	Illiterate	2
	High School	10
	Higher Secondary	22
	UG	58
	PG & above	30
2	<b>Frequency of Visit to Markets</b>	
	Once in a Week	11
	Fortnightly	10
	Monthly	45
	Bi-monthly	30
	Anytime needed	22
3	<b>Who referred this store to you</b>	
	Self	12
	Friend	60
	Colleague	20
	Relation	10
	Spouse	7

**Table - 3**  
**Factor Analysis**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
Bartlett's Test of Sphericity	Approx. Chi-Square	1.297E3
	Df	213
	Sig.	.001

The significance level (0.001) being less than the assumed value (0.05) indicates that the factor analysis conducted in the study is statistically valid.

The Kaiser-Meyer-Olkin (KMO) coefficient is a sampling adequacy method used to assess the fitting of data for factor analysis. A KMO value greater than 0.5 is generally considered acceptable, indicating that the data that completely fits..

In this case, the KMO coefficient of 0.771 suggests that the factor analysis for data reduction is effective for the Private Label Brands (PLB) variables. This implies that the data collected for the PLB variables has sufficient correlation among the items and is suitable for conducting factor analysis to identify underlying factors or dimensions.

Overall, based on the significance level and KMO coefficient, it can be concluded that the factor analysis conducted in the study is 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	4.221	20.156	20.156	4.221	20.156	20.156	2.302	12.223	12.223
2	1.768	8.451	28.607	1.768	8.451	28.607	2.138	10.152	22.375
3	1.455	6.954	35.561	1.455	6.954	35.561	1.895	9.006	31.381
4	1.322	6.319	41.880	1.322	6.319	41.880	1.654	8.100	39.481
5	1.105	5.281	47.161	1.105	5.281	47.161	1.488	7.680	47.161

**Extraction Method:** Principal Component Analysis.

In exploratory factor analysis, eigenvalues represent the total variance. The percentage of variance attributed to each dimension helps determine the significance of each factor in explaining the underlying structure of the data.

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

In this study, the results indicate that there are five components identified through PCA, and together they account for 47% of the total variance in the factor analysis. This suggests that these seven components are important in explaining the underlying structure and integrity 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 that contribute to the observed patterns in the data. These findings provide valuable information for understanding the underlying factors related to the PLB's in the study.

## CONCLUSION

This study aimed to identify the key attributes that Indian consumers consider when making purchasing decisions for private label brands in the food & grocery sectors. The researchers conducted a literature review to identify several price and non-price related attributes for both national and private label brands.

Based on the literature review, 5 attributes were deemed crucial from the consumer perspective for purchasing private label brands. These attributes include Price, Quality Variability, Value, Brand Image, Brand Loyalty and Store Image,. To gather data, a survey was conducted in the Trichy and Thanjavur region, targeting the major super and hyper markets food & grocery sectors.

The results of exploratory factor analysis (EFA) revealed that the 25 survey items could be grouped into five specific factors: Price, extensive presence, zero defectiveness, dependability, and freshness. Causal analysis was performed to determine the most significant and discriminating factor for private label brand purchasing. The results indicated that Freshness was the most influential factor, followed by Extensive Presence, dependability, and Price. Zero defectiveness was found to be insignificant, as it varied from individual to individual.

These findings provide insights into the factors that play a significant role in the purchasing decisions of Indian consumers for private label brands. Understanding these key attributes can help retailers and marketers develop effective strategies to attract and retain customers in the food & grocery sectors.

---

## REFERENCES

Thank you for providing the references. These studies focus on various aspects of private label brands and their influence on consumer behavior. Here is a brief summary of each study:

1. Batra, R. and Sinha, I. (2000): This study explores consumer-level factors that moderate the success of private label brands. It investigates how factors such as product category, brand familiarity, and store reputation affect consumers' perceptions and choices of private label brands.
2. Hoch, S.J. and Banerji, S. (1993): The study examines the conditions under which private labels succeed in the market. It discusses the importance of factors such as price advantage, product quality, and retailer commitment in determining the success of private label brands.
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 focuses on the perception of customers towards private label brands and examines the effects of socio-demographic variables on their perceptions. It explores how factors such as age, gender, income, and education influence customers' perceptions and attitudes towards private label brands.
5. Singhi, R., & Kawale, D. (2010): This empirical study investigates the relationship between private brands and store loyalty. It examines the impact of private label brands on customer loyalty and explores the factors that contribute to the development of store loyalty among consumers.
6. Sethuraman, R., Cole, C. (1999): The study examines the factors that influence the price premiums consumers are willing to pay for national brands compared to store brands. It explores how factors such as brand equity, perceived quality, and advertising influence consumers' willingness to pay higher prices for national brands.