

THE SUCCESS PANORAMA OF PRIVATE AND NATIONAL BRANDS

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Abstract: Problem Statement: Consumer conduct has turned into a theme of awesome enthusiasm throughout today's general public. Considering today's focused markets it is basic that organizations comprehend the necessities and activities of their clients. There are numerous impacts behind purchasers' choices of picking one brand over another. This paper researches why some private label items succeed, while others fall flat inside various item classifications. **Reason:** The purpose behind this paper is to examine how the way of the great impacts purchasers in their choice between private label and national brand merchandise. **Methodology:** Both a quantitative overview and subjective meetings have been done and connected to the three hypotheses. Coding of meetings was utilized to see how the level of impact fluctuates amongst various item sorts. With a specific end goal to react to the examination addresses, these discoveries were contrasted with deals measurements got from general stores. **Conclusion:** It can be inferred that the three impacts influence customer decisions in an unexpected way, contingent upon the kind of good. Private label brands succeed in low dependability, low social hazard, and low saw hazard merchandise, while national brands lead the pack in high brand steadfastness, high social weight and high related hazard great classes.

INTRODUCTION

Consumer behavior has become a topic of great interest in today's society. For companies who compete in competitive markets, it is imperative to understand the needs and actions of their customers. There are many influences behind consumer decisions of choosing certain brands or goods over others. According to Chaniotakis, Lymperopoulos, and Soureli (2010), some of the main factors that affect consumer buying behavior are consumer trust and positive attitudes towards the brand, benefits that they receive from the products, price, packaging and flavor of the product, their financial situation, and the varying quality of the product that they are buying.

Supermarkets are an environment where the factors of consumer behavior can easily be seen, and have become a very interesting area of study. As opposed to a larger purchase like buying a car, consumers make very routine purchases on a

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weekly or even daily basis with what may seem to be little thought. However, these purchases should not be overlooked, as even the smallest of purchases have underlying motivations. Marketers have gained interest in understanding supermarkets because consumers choose between thousands of products with varying quality, prices, packaging, and marketing. With that said, even the supermarket itself can be divided into multiple areas of study, ranging from shelf space, shelf position, store layout, packaging, promotions, and so forth. Considering this, why do some brands end up in your shopping basket more often than others?

In the past, supermarkets have focused their marketing on selling national branded goods only. By selling national branded goods supermarkets make a profit from marking up the wholesale price and selling at a higher retail sales price. In order to increase customer awareness about their available products, stores previously focused on strengthening customer loyalty for the national brands on their shelves (Moutinho, 1993). However, because of the high price of national brands, companies realized an opportunity to serve a target market of consumers who were more cost conscious. Food distributors began to offer “no frills” versions of products, which concentrated solely on offering the lowest price. These “generic” products were introduced off late, when Carrefour, a French retailer introduced 50 generic products to their product assortment (Prendergast & Marr, 1997). Supermarkets welcomed this new product type, and began to fill their shelves with both the national brand and the generic brand versions. At this point, consumers not only had a choice between thousands of various products, but also a new level of choice between price and quality in similar products.

Supermarkets had the goal of introducing generic products at the same level of quality as the national products, and priced at a substantially lower level. However, consumers today often associate generic products with a slightly lower level of quality in comparison to national label products. In order to offer a lower price, generic goods companies attempt to lower their overhead costs in many ways and therefore do not invest in advertising campaigns. Generic brands use simple labels and cheap packaging to cut costs. Unfortunately, this has been thought to lead to the association of lower quality as well (Prendergast & Marr, 1997).

Many consumers appreciated the savings that generic brands offered and they became extremely popular during their first ten years on the market. However, they are thought to have reached the stage of maturity in today’s markets. Many consumers still prefer to buy the national or name brand version, and pay a higher price, known as brand equity. Brand equity is the brand strength, and the resistance of the consumer to change to a different brand (Wood, 2000). Because generic brands do not have brand equity until consumers have tried them, they are taking an added level of risk. There may be social risks, risks of losing money if they do not end up liking the product, quality risks, and more.

Problem Statement

Understanding the simple everyday purchases that consumers make in their local supermarkets is useful for both companies and shoppers alike. Company awareness of these matters allows for greater profits. Likewise, consumer awareness of their purchase motives allows for better decisions as well as more savings.

Consumers may feel that more risks are associated with particular types of goods, regardless of the brand. This may have to do with how much crafting and skill is needed to make the good, and how much the quality can therefore differ. It is possible that private label goods are simply not successful in some categories, and possibly never will be. On the other hand, it may be possible that an extra pricey national brand with frivolous marketing and packaging may not be necessary in some goods where private label goods have proven to be successful. Consumers may be more comfortable choosing generic products in some product categories such as rice, but may prefer to pay more for national brands in other product categories like chocolate.

Brand loyalty, perceived risk, and social risk are three influences that this paper applies to consumer choices of products. Brand loyalty is important to both private label brands and national brands because it is an effective way for companies to keep their customers, and decrease consumer willingness to try a new brand. The influence of perceived risk factor is important because the customer is facing an uncertainty of buying a product that does not deliver the wanted expectations. If there are pressures from consumers peers to act a certain way, or behave a certain way, a social risk factor is present. This affects the customer because of the belief that others may view them negatively if they buy a product that does not meet the standard of the group.

An empirical foundation has been attained through studying extensive articles on the influences of buying private label goods, versus national brand goods. By applying same three influences to four different types of goods, one can see how they are affected differently. For example, are people more likely to buy private label generic product such as vegetables, fruits, etc., than they are willing to buy private label luxury goods? If so, why? Researchers have established many factors that affect consumer product choices, but the authors have not seen a study that focuses on the impact of the good category itself. This study aims to expand from the general knowledge and previous studies on private label brands by adding another component: the type of goods. This is an opportunity to contribute valuable knowledge in the field of consumer behavior and branding. The findings of this study were carried out from the prospective of the consumers themselves, not the companies or managers.

Purpose

The purpose of this study is to investigate how the nature of the good influences consumers in their decision between private label and national brand goods.

Research Questions

According to the pre-study, the proneness of consumers to buy private label goods may be dependent on the type of good they are buying. More specifically, this study aims to answer the following research questions. These questions are mirrored by the conclusions of this study.

1. Does brand loyalty affect the success of the private label good differently depending on the type of good?
2. Does perceived risk factor impact the success of the private label good differently in various products?
3. Does social risk factor influence the success of private label goods differently depending on the type of product?

METHODOLOGY

Primary and Secondary Data

When conducting research it is of great importance to have reliable sources of information. Primary and secondary researches are the two classifications of data collection that researchers use to establish academic arguments.

Secondary research allows the writer to build their findings upon previous research that has already been investigated. It includes but is not limited to scientific journals, books, trade magazines and conference proceedings (Lorentzi, 2011). While collecting secondary data, the authors of this study have referred to original sources as much as possible. According to Craig and Douglas (2005) secondary research is a relatively inexpensive way to collect data compared to primary research. The reason that secondary research can be kept inexpensive is because of the increasing availability of sources on the Internet and in libraries (Churchill & Iacobucci, 2010). It is important to use secondary research cautiously. Researchers should keep in mind that secondary research may not always be suitable for their purpose, but the appropriate parts can still be beneficial (Churchill & Iacobucci, 2010). It is imperative to make sure that the data collected is relevant and correct. This study has used secondary sources from only the most significant sources found. The authors of this thesis have taken necessary precautions of using only peer-reviewed articles, increasing the accuracy of the sources.

Primary research, on the other hand, is generated collecting your own data. Primary research can be conducted in the form of surveys, focus groups, observation and interviews (Curry, Nembhard & Bradley, 2009). According to Churchill and Iacobucci (2010) a great advantage of using primary data is that it is created according to the purpose of the research. This means that the data collected has a direct relationship to the investigation at hand.

Churchill and Iacobucci (2010) suggest researchers use a method where secondary research is consulted first, and thereafter recommends proceeding with the gained knowledge to conduct primary research. The depth of this study has been built upon secondary findings and has attained depth through the primary findings. The authors started by collecting secondary research such as scholarly articles, scientific journals and books to establish the foundation on which to build their research. This empirical foundation is complemented with primary research in the form of a survey as well as interviews. The primary research provided the authors with information directly from the sample group of interest: consumers. The secondary research has been used to add credibility to the thesis by applying frameworks to support the primary research conducted.

Qualitative, Quantitative, and Mixed Methods

There are various methods that can be used in the research process, namely quantitative and qualitative research. According to Davidsson (1997) quantitative research requires observations that can be turned into numbers and is imperative to many studies. The population or the sample of the population is used to make generalizations and conclusions. Thereafter the numbers can be analyzed and applied to statistical and mathematical tools. For example, quantitative research methods could count frequency or how many times something happens (Curry, Nembhard & Bradley, 2009).

Qualitative research on the other hand is used to understand complex social behaviors. It aims to identify beliefs, values and motivations through observations. Qualitative research is defined as, “a form of scientific inquiry that spans different disciplines, fields, and subject matter and comprises many varied approaches” (Curry, Nembhard & Bradley, (2009)). There are several methods and approaches that can be categorized as qualitative research. Typical examples are interviews, observations and documents as well as case studies, visual methods, politics and ethics.

In order to choose the most suitable method, researchers must identify what their purpose is. Some researchers prefer qualitative research, while others prefer quantitative re-search. This depends greatly on what the researchers are trying to achieve, and if the chosen methods agree with the purpose. In this paper the authors have applied a mixed method to their research, which is also known as triangulation.

As Newman, Ridenour, Newman and DeMarco (2003) argue, there are certain research questions that require mixed research methods to fully capture the different aspects of the research problem at hand. Tashakkori and Creswell (2007) provide a broad definition of mixed methods research by saying, “the investigator collects and analyzes data, integrates the findings, and draws inferences using

both qualitative and quantitative approaches and methods in a single study or program of inquiry". In this study, asking qualitative research questions about consumer behavior attained the depth of the research. However, the goods that were chosen to investigate were decided upon in a quantitative manner from both the supermarket statistics and the pre-study.

Using both methods offered this research a comprehensive understanding of why private label brands are more successful in certain type of goods than in others. The qualitative research complements the statistics by focusing on social behavior. Interview results collected provide a deeper understanding of the why private label brands succeed and fail amongst various goods. Meanwhile, the quantitative research provided statistics about the products. The combination enabled the authors to track consumer buying patterns and reasoning, and relate them to sales statistics.

ANALYSIS AND DISCUSSION

Mobiles

Both the pre-concentrate on and evaluated insights gave by the study offers a trustworthy supposition that Chennai individuals want to purchase Mobiles from a national brand. All the more particularly, 150 of the 250 respondents who purchased Mobiles favored national brands while just few purchased from a private brand. While past quantifiable information takes into account a speculation to be made, it is critical to comprehend why this is so. The subjective meetings conveyed the creators to the following stride, of understanding why Mobiles has not fared well as a private mark great.

Of the interviewees, significant percent liked to purchase national, and just few percent favored private mark items. It can be said that Chennai individuals are brand faithful to their favored image of Mobiles. Whenever inquired as to whether respondents had a most loved brand of Mobiles, different individuals addressed promptly with not even the smallest interruption, "Samsung!" Many even said "Samsung, and that's it!" Respondents addressed that they had attempted different brands however that none of alternate brands lived up the "elevated expectations of Samsung," and they accordingly dependably do a reversal to their most loved brand.

Foods

A large portion of the respondents communicated that the significance of the brand is little concerning Food. Remarks, for example, "It doesn't make a difference what brand, I take the least expensive," or "potatoes will be potatoes," infer that the significance is low. Sustenance are viewed as a "fundamental item" as cited from

our respondents, and can along these lines be viewed in the same classification as desserts, a low dedication item.

A portion of the respondents picked not answer the inquiries for Food since they don't consistently purchase them outside. The level of brand steadfastness was addressed and purchasers passed on: "I purchase the least expensive item," and "Everything tastes the same," which demonstrates that shoppers don't give careful consideration to the brand they are purchasing.

Luxury Products

Like Mobile, Luxury was additionally answered to be an item with high brand dependability. From the 41 respondents who acquired Luxury items, just four reacted that the brand does not make a difference.

Respondents communicated their high unwaveringness to Luxury items by saying, "It is a set up brand," and "This brand has a rich look." They likewise said that the national brand has "An excellent confirmation," and "I recognize what I am getting."

Clothing

Numerous respondents communicated that the value distinction between private name Clothing and national name Clothing is high, while the distinction in quality is insignificant. Along these lines, the danger element for purchasing Masala is thought to be low. Respondents said: "It doesn't hurt to have a go at something new," and "It must be an awful purchase once, and the cost is low so attempting numerous sorts can't hurt." This demonstrates buyers don't feel that a lower value implies a higher quality danger.

CONCLUSIONS

Brand dedication influences the achievement or disappointment of private name products diversely relying upon the sort of good. The level of impact is distinctive among the diverse items, and for those in which mark steadfastness is ever-present, the private brand battles. Like brand dependability, the level of impact of danger element shifts amongst merchandise. In merchandise where hazard element is moderate, private marks have a tendency to succeed and contend well with their national image partners. Then again, merchandise that come up short in deals inside the private mark and sorts of products that have high hazard related to them. Social component has likewise been seen to shift in its impact amongst various great classes. Private name brand achievement is more prominent in item classes where social component is less powerful.

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