An Integrated Analysis for Customers Purchase Intention towards Store-Brands in Modern Retailing Organizations

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Abstract— Retailing has become such an essential part of our everyday life that it is over and over again taken for granted. The countries with the greatest economic and social developments have been those with a strong retail sector. It is imperative to identify the fact that in today’s world of multifaceted trade, the function of retailing would include not just goods but services too, which may be provided to the final consumer. In an age where the customer is regarded as the king and marketers are aiming for customer delight, retail may be redefined as the first point of customer contact.

Index Terms— Store-brands, Purchase-intention, Customer attitude, Customer Preferences and Theory of Reasoned Action.

1 INTRODUCTION

Over the last few decades, the world of retailing has seen a tremendous change. Today, retail industry reached altogether new heights. It is witnessing an unprecedented change. Economic meltdown coupled with technological advancements is reshaping the retail landscape faster. Today’s consumers have vastly different and more sophisticated expectations of goods, service, value and environment than those of some five or even three years ago. Such new and emerging challenges are posing threat to certain retailers while certain other retailers are finding novel opportunities out of it. Above all, retail industry throughout the globe is going to witness an action-packed, dramatic episode. With the increase in competition levels in the industry, retailers are forced to differentiate themselves. Retailers are found to be relying on Branding as a strategy to differentiate themselves. Branding helps retailers in developing association, emotion, identity, uniqueness and differentiation for themselves among the customers. Retailers believe that once brand build strengths, it can help them either enter new markets or sell into existing markets with less risk of failure. This will generate high revenue, promotion and repeat purchase. A strongly built retail brand can exert a significant influence on buyer behavior. Over a period of time, there started a change in the retail landscape. More and more retail stores are carrying products with their own label, which are termed as Store Brands. A store brand is defined as a brand owned, merchandised and sold by retailers themselves. They are also called in-store brands, own-labels, private-labels, retailer’s brands.

2. OBJECTIVES

To examine the shopping behavior of customers towards modern retailing organizations
1. To analyse the brand preference of customers in modern retailing organizations
2. To identify the factors influencing customers to prefer store-brands to name-brands
3. To bring forth summary of the study and make suitable recommendations in the light of the results of the study.

3. METHODOLOGY

3.1 Formulation of Hypotheses

H: Choice of store location doesn’t significantly affect the perception of customers towards shopping at modern retail stores.
H: Area of living doesn’t significantly affect the customers’ preferences towards types of brand
H: Normative beliefs don’t significantly affect the purchase-intention of customers towards store-brands.

3.2 Sample Design

Sampling design is a very common practice in research studies. When the field of inquiry is too large to cover all items of the population, the research invariably needs to select a few items to conduct research on.

3.2.1 Sample Size

This refers to the number of items to be selected from the universe to constitute a sample. Sample size has direct bearing on how accurate the findings are relative to the true values in the population. Therefore 100 has been selected as sample size.

3.2.2 Sampling Technique

Sampling technique is the way of selecting a sample. There are two broad ways of selecting a sample. They are (i) Probability sampling technique and (ii) Non-probability sample technique. In some instances the most practical way of sampling is to select every kth element of the population. Sampling of this type is known as systematic sampling, which is a kind of probability sampling technique.
4. RESULTS AND DISCUSSION

The fundamental reason why a marketer studies the consumer’s attitude towards an attitude object is because this will help in forecasting the ‘purchase intentions’ of the consumer. Most of the attitude models, failed to address this issue

Table:1 Number of Respondents Who Bought Store-Brands
From the above table, it is clear that a high majority of the respondents (90%) have bought at least one store-brand from their favorite store. Only 10% of them haven’t tried one.

Table:2 Number of Respondents Satisfied with Name Brands
Above table provides the information that a high majority of the respondents (89%) are currently not satisfied with the name brands. Only 11% are satisfied. The chief reasons for dissatisfaction are that name brands are often priced beyond their budget, some name brands are very similar to other name brands and pricing policies of name brands are often confusing/misleading.

Table:3 Behavioral Beliefs of Respondents’ on Brand Choice
When asked about what they believe about their behavior of brand choice, of the people who were found to be not satisfied with the name brands, around 25% of the respondents, around 25% of the respondents said, the that their brand choice behavior reflects their personal values. 20% mentioned that they believe that the brands they choose must make their lives happy. While around 17% of them believe their behavior saves money, around 17% and 13% of the respondents respectively said that they believe that the brands chosen by them must work well with them and must match their personalities.
Table: 4 Respondents’ Evaluation of their Behavioral Outcome

When asked about how they evaluate the outcome of their brand-choice behavior, around 22% of the respondents said that the brands selected by them must work well. 21% said, the brands selected satisfies their needs, about 18% said, the selection must make their life happy. While around 15% of them said that their selection must significantly save money, 12% said that it should reflect. Their personal value, another 12% opined that it should match with their personality.

Table: 5 Respondents’ Normative Beliefs

Normative beliefs are what a respondent believes on how his/her friends and family consider about his/her brand-choice behavior. For this, 23% of the respondents said that their family and friends wish that the respondents’ brand-choice behavior matches with the respondents’ personality. Similarly, 19% believe that it reflects their personal values. While 18% believe that their family and friends wish that the brands so selected must work well with the respondent, 14% believe it must make their lives happy. Another 14.2% believe that it saves the respondents’ money and 12% believe that the brands so selected suit the respondents’ needs.
Table 6: Motivation to Comply
The above table represents the factors for respondent's motivation to comply with the beliefs of the opinion of his/her friends and family. Thus, from the above table, it can be seen that 22% of the respondents say that they value their friends and family judging if the brand reflects their personal values. 18% said, they value the opinion of their friends and family in judging whether the brand works well with him/her. 16% said, they value their friends and family decide on how much should the respondent spend on brands. While 16% of them said, they value their friends and family decide whether the brand satisfies his/her needs, another 15% obeys their family and friends to compare the brands with his/her personality.

Table 7: Likelihood of Buying A Store-Brand in Future
21% of the respondents are extremely likely and 25% are very likely of buying a store-brand in future too. 25% of them are fairly likely to buy. While 12% of them are not likely to buy, 17% are unsure of it.

Table 8: Respondents' Opinion on Continuing Buying Store-Brands
Of the people, who were likely to buy store-brand in future, 10% of them have a very strong opinion on continuing preferring store-brands over national/international name brands thereafter, 15% of them have a strong opinion on it. Though none of them have negative opinion on it, a majority of the respondents (75%) have a neutral opinion on it.

Figure 4: Respondents' Opinion on Continuing Buying Store Brands
1) Most of the respondents are active shoppers, shopping regularly at modern retail stores every week or every monthly.
Most of the respondents shop at modern retail stores for shopping is entertaining, availability of quality products and they can save money.

A good majority of the respondents spend at least 1-2 hours shopping at modern retail stores. However, hardly few spend more than 2 hours.

Groceries, packaged-food and personal-care products are the most bought items at modern retail stores. Fruits & vegetables and apparels come next, while the share of consumer durables is very minuscule.

Though a good number of the respondents make planned visits to the stores, a majority of them visit just to pass time. Bulk of the respondents opined that modern retail stores offer benefits like availability of wide varieties of products and gaining a rich shopping experience. However, only a few of them said, it is money-saving factor.

Most of the shoppers expressed positive views on modern retail stores citing the factors like store offering products for all their needs, store having attractive and informative displays and store providing modern amenities. For a few of them, it’s the right shopping ambience. However, only a handful of them cited store being conveniently located to them.

Frequency of buying CPG is either weekly or monthly in most cases where as a significant amount of the respondents buy them as and when needed.

Most of the respondents found to prefer familiar brands to unfamiliar ones, when it comes to satisfying all their needs and requirements. Nobody preferred unbranded goods.

Personal-care, home-care and toiletries are the most popular items under usually bought CPG.

While most of the respondents found to prefer brands that come with attractive offers, a few of them stick to their preferred brand.

Most of the respondents are not so brand-conscious as they do not mind choosing other available brands in the store, in case when their favorite brand is unavailable at the moment.

Most of the respondents admire their favorite modern retail store for keeping wide varieties of brands always and keeping brands with attractive offers.

In choosing a brand from CPG, most of the respondents find brand image and promotional offers as the most important factor. Quality, price and availability of the brand were not so important.

The study found that most of the respondents visit the modern retail stores in order to pass their time, which means they are not serious shoppers.

It is found that most of the respondents are of the opinion that they are not benefiting much from the store's pricing strategies. In future, when competition intensifies, A significant number of respondents are found to be buying consumer packaged goods (CPG) only as and when required. However, store must require to improve the frequency of customers buying these items.

1. A significant number of respondents are found to be buying consumer packaged goods (CPG) only as and when required. However, store must require to improve the frequency of customers buying these items. For this, stores must employ certain strategies. One idea is frequently and consistently communicating with customers through SMSs or e-mails, and enticing them to buy more. One effective strategy employed by successful retailers is FOMO (fear of missing out). Similarly, merchandise managers can apply loyalty and reward programs and special or limited-time coupon offers as well.

2. Also, it is found that most of the respondents prefer familiar brands to unfamiliar ones. In such case, it would be difficult for stores to push store-brands to prospects. However, experts say that it is always obvious to prefer familiar ones to unfamiliar. One good strategy to handle this is simply making the unfamiliar one familiar. For this, store managers can work on creating brand awareness for their store-brands. Distributing free samples, though the idea is unconventional for retailers or offering product trials make develop awareness among prospects.

3. It is empirically found that most of the respondents prefer brands with attractive offers than sticking to their preferred brand. This is a welcoming gesture for store-brands as they can be pushed when presented with attractive offers. One good strategy is product bundling. Store-brands can be bundled along with some name brands that can compliment with each other. This way, retailers can increase shoppers preference to store-brands.

It is found that most of the shoppers look for brand image over quality and price, which makes a brand familiar. Hence, it is suggested that stores must improve brand image of their store-brands not compromising its quality.

4. The study reveals that a high majority of the respondents who have tried store-brands earlier were not satisfied with certain aspects of store-brands like, inferior quality, less popularity and unclear benefits over name brands. It is suggested that stores must consider this seriously, as brands, unmanaged well may emerge as loss-making asset. Hence, retailers must set good quality standards for a good share of revenues and communicate the benefits of preferring store-brands over name brands to prospective customers.
customers.
5. On the other hand, those who have been using name brands are found to be not so satisfied with them. Name brands with higher price points, look-alike features, misleading pricing are losing their trust. It is exactly here, that store-brands must take on name brands with competitive prices but better quality and good visibility.

In This study explored the purchase intention of customers towards store-brands of modern retail organizations. In particular, this research examined the general behavior of customers towards shopping, their brand preferences and store-brand purchase intention. Several demographic constructs are also investigated. Knowledge gaps which are found in the literature review are justified in the current study.

REFERENCES


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