A Study on DeterminantsofConsumer's Purchase IntentionTowards PLB's of FMCG/ GroceryRetail

K. PrudhviRaj[1*], Dr.P.V.M. Raju[2], M.Lalithanjali[3], J.Mounika[4], Ch.Jaya Ramya[5], P.Manvitha[6]

Abstract

As National brands are dominated by PLB's it is significant to know what determines consumers to buy them especially in FMCG and Grocery. It is essential to find out what makes consumers satisfy to buy PLB's or do they expect anything more is to be explored the study examines the important factors that encourage Indian consumers to purchase Private Label Brands (PLB's). Consumer purchasing behaviour is driven by a variety of determinant factors, and the purpose of this study is to identify the primary determinants that influence consumer purchasing decisions while purchasing FMCG and Grocery PLB's. As most of the research is not done in identifying consumers determinants to buy PLB's this study helps us to bridge the gap in understanding the determinants of consumers buying patterns towards PLB's of FMCG and Grocery. The study's findings reveal that Price, Quality, Risk, Store Image, Familiarity, Attitude and consumer Self-Perception are crucial psychological features, with income and age having a substantial impact on their purchase. Based on the findings, PLB merchants were advised to create an effective market entry plan in the Indian organised Retail.

Key Words: Private Labels, Store Brands, Consumer PurchaseDecision, Psychographic Variables, Demographic Variables, Store Loyalty.

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Introduction

India is the world's third largest food and grocery market, with the food and grocery sector accounting for $570 billion, or 66% of overall retail spending. Because of rising per capita income, nuclear families, and urbanisation, organised food and grocery is predicted to reach $600 billion by 2025 at an 8% CAGR. Because of their changing lifestyles and shopping patterns, people today choose to buy food and consumables in modern retail locations rather than their neighbourhood kirana stores. Consumer preferences among PLB categories are being influenced by increased health and wellness awareness. Staples and fresh account for 80% of overall food retail spending, although confectionary, snacks, and beverages are also rising rapidly at a rate of 15%.

The Indian E-Commerce revolution has gained importance nowadays as a result of the COVID outbreak, which has made consumers more accustomed to purchasing food and consumables online. The E-Grocery industry is predicted to reach $21-25 billion by 2025 at a CAGR of 50-55%, as evidenced by the fact that the number of E-Grocery consumers has increased from 12 million in 2019 to 23 million in 2019. COVID limits increased the position of E-Grocery by about 75%, while FMCG and Grocery increased by 145-150%.

Objectives of the Study

1. To Study the determinants of consumers' purchase intention towards PLB's in FMCG/Grocery retail.
2. To evaluate the product characteristics by which consumers prefer PLB's in FMCG/Grocery products.

Research Methodology

Individual customers shopping in organised retail outlets offer the key data for identifying consumer determinants of PLB's.

Corresponding author: K. Prudhvi Raj
Address:[1*,2,3,4,5,6]Department of Business and Management Studies, SeshdriRao Gudlavalleru Engineering College, Gudlavalleru.

Secondary data sources include published reports, old research papers, journals, newspapers, textbooks, and other websites. To collect data, self-administered questionnaires were delivered on weekdays and weekends. The questionnaires were distributed to respondents who commonly purchase PLB products.

Review of Literature

Balaji. P, Suresh. M, Ashok.K.R and Murugananthi. D (2019) found that the grocery products should be neatly packed, labelled and price should be convenient indicating right product for right quantity. Katarina Valaskova, Jana Kliestikova, Anna Krizanova (2018) observed that consumers prefer all PLB categories irrespective of their demographics, price is crucial for dairy products followed by quality for hygiene, product composition for detergents and attractive packaging for animal food, design for frozen goods and range of products for cosmetics. Dwarakanath Siriguppi, Santosh Kumar Alreddy (2019) found that consumer's perception is influenced by income, lifestyle, occupation and they perceive PLB's in case of grocery items offer better quality and great value for money like national brands followed by packaging which should be given top priority. Suresh Kumar (2016) found that risk, price and quality have significant impact on PLB intention whereas label loyalty don't. Mr.SG. Ndlovu, Mr.S. Heeralal (2021) found that consumer's perception towards PLB's emanates in comparing them with national brands and in addition demographic factors do not influence their perception but age and monthly income have an effect on grocery items. Ajay Singh, Rahul Gupta, Amol Kumar (2018) found that in buying PLB'sBrand Image plays a key role followed by Price consciousness, Quality Variability, Store Image but self-perception is insignificant as it differsbetween consumers. Sanjeevni Gangwani, Meenu Mathur & Sana Shahab (2020) found that retailers wishing to boost store loyalty should formulate appropriate PLB strategies to solicit favourable perceptions towards their store's PLB offerings. Prof. Maaz Saiyed, Dr. Farana Kureshi, Dr. Purvi Gupta,Dr. Amit Gupta (2021) found that PLB's give power to retailers as they control their production, pricing and branding due to its reliability, cheaper price and good quality to consumers.

Study

Private Labels

Private Label Products (PLB's) are often Store Brands, In-House Brands, Retailer or Generic Products that are owned by retailers rather than any other maker or manufacturer (Levy and Weitz, 2012; Kumar and Steenkamp, 2007) PLB expansion has historically been linked to two key factors. First, PLB's are utilised by retailers to compete economically in price sensitive segments, allowing them to negotiate better deals from producers in the form of low prices on national brands. PLB's can now be found in practically every FMCG and grocery category. PLB's are created by or on behalf of retailers and marketed under the retailer's own brand or trademark through their own retail outlets, according to (Baltas, 1997).

The reason retailer's manufacture PLB's is to make more margins, offer a diverse selection of product categories, and provide substantial product choices to their existing customers. PLB's are used by retailers to differentiate their store's product variety in order to acquire a competitive edge and boost profitability and customer loyalty. PLB's have become a reality in India as a result of the rise of modern and organised retail. The developed markets have matured, but India is still in its infancy due to the fact that PLB's are more popular in categories such as rice, atta, and so on, but when it comes to personal and beauty care and food, consumers prefer branded ones.

In the FMCG category, PLB's provide approximately 10-15%. When compared to European nations, India's share of PLB's is over 40%, and it is expected to expand by 50% over the next two decades. The FMCG industry has a substantial proportion of PLB's due to its taste in everyday products, and specifically grocery merchants' considerably contributes to product portfolio. Major retailers such as Future Group, Aditya Birla, Bharti Wal Mart, Hypercity, Infiniti Retail, Shopper's Stop, Reliance, and Trent offer PLB's in a variety of product categories, with a market value of Rs. 13 billion, accounting for 10-12% of organised retail. PLBs account for 90% of Trent's, 80% of Reliance's, and 75% of Pantaloons' total sales.

Benefits of Private Label Brands

- PLB's due to low cost of advertising are low in price than national brands and propels consumers to buy them.

- PLB's can meet demand and competition because they have more control on price and leverage price with customer demand.
- PLB's can create point of purchase advertising for drawing consumer's attention.
- Consumers perceive PLB's to value and store loyalty as it appeals to the customer concerned.
- Retailers have better bargaining power over national brands and more control over shelf space.

India - The Top Retail Destination

The retail market in India, the world's fourth largest retailer, has undergone substantial transformation in the last decade, and it is expected to reach $2 trillion by 2032, up from $690 billion in 2021, with 10% annual growth. Factors contributing to this include the world's second most populated country, a growing middle class, urbanisation, and higher consumer expenditure due to rising per capita income. India placed second in the Global Retail Development Index (GRDI) and is the best country to invest in retail space, contributing over 800 billion to GDP, employing 8% of the population, and is predicted to create 25 million new jobs by 2030.
The demand for organised retail space is significant in cities such as Delhi (23.7 MSF) and Mumbai (16.7 MSF), which has contributed to the creation of 120 million square feet of organised retail space. FMCG, Apparel & Footwear, and Consumer Electronics account for 65%, 10%, and 9% of the overall retail market in India, respectively. India's digital economy is anticipated to grow by $800 billion by 2030, with the E-Commerce market growing by $350 billion. There are 1.2 million E-Commerce transactions worth $300 billion every day, which will increase to $1 trillion by 2026. Amazon and Samara bought More Retail in 2018 to expand Amazon's D2C business. Flipkart acquired Wal-Mart in 2020 to supplement its existing D2C competence. Reliance bought 12 companies to strengthen its physical and digital footprint, and it just completed the Milk Basket acquisition in grocery.
Tata's acquisition of Big Basket in 2021 will expand its presence in the online grocery market. India's retail sector, which employs 40 million people, is both organised and unorganised. The Indian retail outlet has typically been quite small, with only 4% of the 14 million outlets being larger than 500 square feet and 11 stores for every 1000 people. Groceries, apparel, and furniture are the three main product categories, with groceries accounting for the majority of sales due to their essential requirement. Today, retail sales in India have increased to 33-35 percent from 20 percent, making India the world's fifth largest retailer.
The Indian retail sector is divided into five categories: a) Food retailers, b) Health and Beauty products, c) Clothing and Footwear, d) Home Furniture and house wares, e) Durable goods, and f) Leisure and personal items. The retail sector in India is worth $822 billion US dollars, with the organised sector accounting for 11% (excluding E-Commerce), and it is predicted to grow 16% annually at a CAGR of 20%. Reliance Retail, 2. Future Retail Ltd. is among the leading retail stores in India. Aditya Birla Fashion and Retail Limited 4. Trent Ltd. and 5. Spencer's Retail Ltd., among the others.

Top Indian Retailers

1.	Future Group (India)	Food Bazaar, Big Bazaar, Nilgiri's, Blue Sky, Fashion Station and Easy Day
2.	K. Raheja Group	Inorbit Mall, Shoppers Stop, Crossword Bookstore chain, Hyper City, Cafe Briol Desi Cafe.
3.	RamaPrasad Goenka Group	Spencer's Music World.
4.	Reliance Retail	Reliance Digital, Reliance Fresh, Reliance Mart, Reliance FootPrint, Reliance Wellness, Reliance Jewels, Reliance Time Out
5.	Aditya Birla Retail	Madura Garments, MORE and Pantaloons, Aditya Birla Sun Life Insurance, IDEA-Cellular, Trouser Town and Planet Fashion.
6.	Bharti Retail	Walmart and Field Fresh.
7.	Tata Group	Westside, Croma, Trent, Titan and Tanishq.
8.	Vishal Retail	Vishal Mega Mart.

Some Examples of PLB's Available in India Are

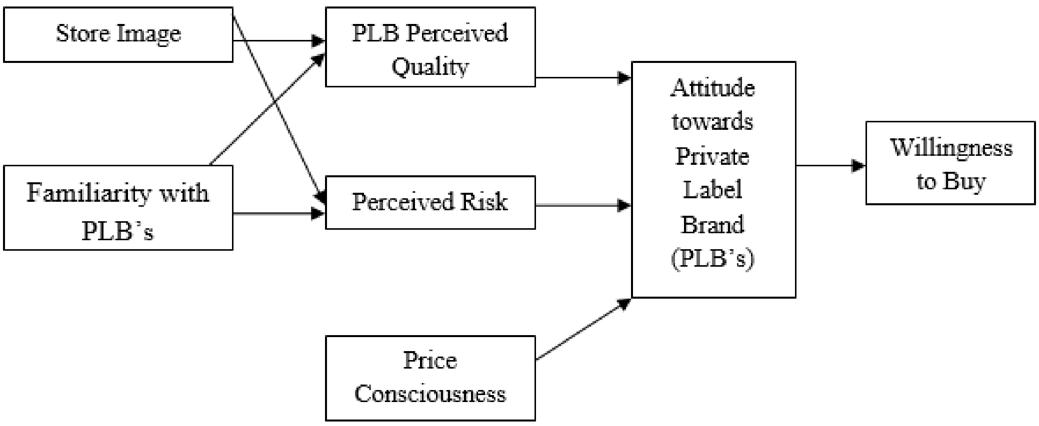
PLB Retailers (Food and Grocery)

1.	ABRL (Aditya Birla Retail Limited) – More	More Quality 1st, Feaster, VOW, Kitchen's Promise
2.	Reliance Fresh	Reliance Select, Reliance Value, Reliance Honey, Reliance Tea
3.	Food Bazaar/Big Bazaar	Tasty Treat, Premium Harvest, Tastymate, Pure and Fresh
4.	Star India Bazaar	Star India Bazaar, Select, Popular
5.	Hypercity	Fresh Basket, Hypercity, Supremia
6.	Foodworld	Foodworld
7.	Fabmall	Fabmall

PLB Retailers (Consumer Durables)

1.	Star India Bazaar	Millennia
2.	Infiniti Retail	Croma
3.	Vivek and Co	Napro, Cool Air
4.	Home Solution Retail India Ltd	Koryo, Sensei

Consumer Determinants to buy Private Label Brands (PLB's)



The researcher concluded that Price, Quality, Store Image, Familiarity, Value Consciousness, and other store related factors such as visual merchandising, instore promotions, and shelf space allocation influence PLB purchase, but perception, loyalty purchase intention, economic situation, perceived benefits, risk, brand sensitivity, and attributes also have a significant impact. According to cue utilisation theory, the price of an extrinsic cue has a considerable impact on PLB purchasing (Beneke et al., 2013).

Price consciousness is defined as the degree to which consumers focus solely on paying low prices (Lichtenstein et al., 1993). Price and quality are important factors because they are inextricably linked. Customers evaluate a product's quality based on its price rather than its physical attributes. They believe that low-cost products are inferior because of their poor quality ingredients (Batra & Sinha, 2000).

Private Label Brands in Food & Grocery Sector

PLBs contribute between 15-20% to FMCG owing to their economy, marketing, and product quality; yet, grocery consumers are not brand conscious; however, price, availability, marketing, and product placement influence their purchasing decision. Rice, atta, pulses, and packaged rice are the most popular FMCG PLBs. More success in FMCG and groceries will be seen in the next years as a result of PLB's low pricing in contrast to NB's - India Food & Beverage Private Label Market Forecast & Opportunities report 2017. As proven during the last five years, the pricing of PLB's combined with their high quality will assist to attract customers.In terms of rate, PLB's beat NB's, accounting for 15% of total grocery sales. Shops are currently making significant efforts to provide more PLB's in order to attract more clients.

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If the quality given by PLB's and NB's is the same, the price becomes the deciding factor, according to Rubel (1995). Store Image is described as how a shopper perceives a store based on its psychological and functional features. The higher the perceived quality of the PLB, the better is the store image. Consumers with a positive store image are more likely to regard the store's PLB's as of excellent quality (Bao et al., 2011).

Time, social, financial, functional, psychological, physical, and general dangers are all included in risk. Perceived quality and risk are connected, with consumers preferring to buy PLB's with a strong shop image because they are low in risk. Consumers who are more familiar with a product rely less on extrinsic cues (such as price, store name, and packaging) to estimate its risk and quality (Richardson et al., 1996).

PLB familiarity influences customer perceived quality while negatively influencing perceived risk. Consumer consciousness (price, value, and discount conscious), perceived features (i.e. perceived risk, quality, value for money, and perception of smart shopper), and evaluation criteria all influence attitude (i.e. store and brand image, brand name and atmosphere, shelf space, familiarity and packaging).

Conclusion

According to the findings of the preceding study, PLB's lack of awareness and quality influences its purchasing decisions, necessitating the development of communication techniques. According to the literature, price and quality have a considerable impact on the purchase of PLBs because they have a significant relationship. Value consciousness has no effect, but the PLB price does. When setting prices for PLBs in comparison to national brands, retailers should ensure that they retain optimum quality and a competitive pricing.

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