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## The Effect of Store Image and Private Label Brands on Sales of Women's Apparel in Bangalore

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### ABSTRACT

*Private label brands are also known as house brands, own brands, and store brands are products that are created, controlled and marketed by a specific retail chain. In this research, we will be using the secondary method to find whether the sales of a private label brand depend on the store or whether it has its own brand image and how the preference impacts the sales. We will also find the future of PLBs and the emerging trends in this type of branding. Though the private labels have reached their peak in recent days, in the past of this type branding was a great failure. Since it failed in the past we faced a certain amount of difficulty in collecting the data, which was a hindrance in doing the research.*

*The motive of the research is to find the effects of PLBs in a retail store and its impact on sales. The gap found in this research is that there is a link between the sales, ambiance, perceived price, perceived quality and other external factors that affect the house brands which wasn't undiscovered from sellers point. The significant factor which drew us in starting this paper was that there are no such researches on women apparel specifically in an ethnic segment of Indian market.*

**Keywords:** Private Label Brand, Store Image, Sales, Women Apparel.

### 1. INTRODUCTION

There are a number of brands which are marketed by a retail store. They are private brands, distributor brands, umbrella brands and store brands. Store brands are brands which are specific to a retail store. Sometimes store-branded goods mimic the shape, packaging, and labeling of national brands. They get premium display treatment from retailers. A decade ago the concept of Private label brands in India never existed as Indian consumers were more dependent on mom and pop stores which were unorganized. Shoppers Stop was the first retailer in 1990's to get into private label branding with STOP brand with a range of branded women ethnic wear but not all companies got into the organized retail sector in India, however as years passed by many business houses and new entrepreneurs entered into the retail arena with Future Group, The Mobile Store, Infiniti Retail, Westside and Univercell making a mark in the Indian organized Retail industry and eventually they started their own private label brands which have now grown to 14% of the total organized retail market which does not include the private label brands of small mom and pop stores.

Initially, the private label was only targeted towards the non-branded product range which included wheat flour, masalas, and papads. Now the private label brands have grown out of proportion by entering into high technology electronic gadgets like mobiles by Univercell, The mobile store and into other electronic products by electronic retail major croma with an entire "handpicked by croma" product range. With the growth of private label brands, National brands are losing grounds to these retailers who are not only low priced but are also on par with quality standards and for the retailers themselves who are able to get anywhere from 20-40% margin on the sales, whereas national brands pay only 12-20% margin for the sale.

The credit to the growth story of private label brands does not include only the retail outlets but also the national brands. The earlier strategies of national brands have themselves now eaten their own market. At the start of last decade, Multinational companies like Hindustan Unilever Ltd, Procter and Gamble, Britannia and others started outsourcing their product manufacturing to third parties. Companies shared their formulas and technology updates with the third parties to manufacture products which were on par with the quality of products manufactured by the MNC's themselves only to keep them away from the manufacturing and human resource problems and give more attention towards the Research and Development of new products and expanding the product lines. While the third party manufacturers parted ways with MNC's and as they already had the technology ready to produce such quality products which not only helped the third party companies to get their own brand into the market but also helped new entrants like ITC (Sunfeast Biscuits, Vivel Soaps, and Bingo Chips) and retail biggies like Future Group to get into the market who need not invest in the manufacturing or into human resource and were able to get their products faster in the market and had to only invest in Research and development Capability.

The Private label not only helped customers to get products at a lower rate but also provided quality products. Year after Year FMCG majors are getting tough competition in the Indian scenario with fake products, local brands and now the growing private label brands who also have the muscle power and have more capability than any other local or counterfeit product manufacturer to not only produce but to sell and are increasingly lowering the bargaining power of the FMCG majors. Even in such a situation there are chances of FMCG majors making the most of it by themselves helping private label brands to manufacture and share their capabilities and make profits from sharing than losing the game.

## **2. SCOPE**

The future of private label brand is prominent since the customization of the commodity would be at its peak. This will simultaneously give a boost to PLBs. The customer would be more service oriented, rather than be commodity-oriented. Companies providing generic, wearable commodities will not survive in the market as customers would prefer personalized commodities.

## **3. OBJECTIVE**

The motive of the research is to find the effects of PLBs in retail store and its impact on sales and further:-

- To examine and evaluate how Public label brands can be used as a tool for competitive advantage.
- To study the relationship between how consumers react towards private and national label brands.
- To study the impact of consumers in perceiving different types of brands in India and throughout the world.
- To examine whether PLB is still existing in retail sectors or not.

## **4. LITERATURE REVIEW**

(Dr.D.Loganathan, 2016) Private label brands have dramatically increased in recent years in supermarkets with a key objective of improving category profitability. This study analyses the impact that private label brands have on category profitability enhanced the overall performance of product categories as measured by profitability. In a recent study by Dr.D.Loganathan on "A CONCEPTUAL STUDY ON PRIVATE LABEL BRANDS AND ITS IMPACTS IN INDIA", it was said that the market share of private label products in India will more than double in the next few years; currently, it is at 4.5 per cent. By 2020, the share will increase to over 10 per cent.

(Sinha, 2000) In their research paper "Consumer-level brands moderating the success of private label brands" talks about the different determinants of perceived risk in the purchasing preferences for national brand versus private label brands. This problem is faced by the consumers in choosing which is better is solved by finding that PLB purchases in a category increase when consumers perceive reduced consequences of making a mistake in brand choice in that category. They have used hypothesis testing, thus the results indicate that a key consumer worries in considering a switch from national brands to PLBs, which is the degree of uncertainty about the quality.

(B.K., 2015) The author Hemantha Y. and Arun B.K. in their research "Consumers perception towards private label brands in retail stores" discusses the retail scene that is facing a change in the increase of PLB in apparel segment. It deals with the understanding of consumer perception towards PLB of retail stores and mentions how consumers trust retailer brand as they sell quality products. PLB tends to be cheaper by 5-20% as compared with national brands. The different methods used in the study include random sampling that was taken in Bangalore region.

(Sudhrani, 2012) aims to analyze the consumer perception towards PLB. A detailed study is conducted from the views of customers by conducting a sample survey of 150 people which includes 75 for fashion and other 75 for food bazaar with the help of a questionnaire. The collected data is analyzed using statistical tools and the study reveals the most youngsters have good perception towards the private brands in fashion wear and munchies.

(Kandampully, 2012), from University of Florida and The Ohio State University in their study "The role of emotional aspects in younger customer-brand relationships" reviewed about how self-concept connection, emotional attachment and brand love in the younger consumer luxury brand relationships. The main data collection was done by an online survey of a representative group of younger consumers. The findings show that emotional attachment has the strongest impact on brand loyalty, followed by self-concept connection and brand love. The result of perpetual mapping shows different perceptions of the luxury brands in the young consumer's mind.

## **5. METHODOLOGY**

### **5.1 Research Problem**

A purchase decision is a result of a complex interplay among various factors in the minds of the buyers. Knowing what are those factors that influence the minds of the purchase to buy a brand which is either a national brand or a private label brand. The point of purchase factors which influence them to buy private label brands, such as word of mouth from friends and family who are the most trusted source for purchase decisions, advertising, and promotion, displays at the stores and deals offered by both private label brands and national brands.

### **5.2 Methodological Approach**

This study uses a qualitative approach as we are trying to study the effect of store image and private label brands on sales of women's apparel in Bangalore and how it can be beneficial. We are studying the factors affecting this behavior and how to use this as leverage by marketers.

### 5.3 Research Instrument

This paper is based completely on secondary data. We have used different forms of literature:

- 5.3.1 Websites
- 5.3.2 Journal Articles
- 5.3.3 Blogs
- 5.3.4 Newspapers
- 5.3.5 Magazines

## 6. ANALYSIS

India is one of the most promising retail destinations of this century. Global retailers are eyeing India as their current favorite. The reasons are an increase in working women who have less time and want convenience shopping, rising middle class with high disposable income, and preference of youngsters for big brands. Last year saw a proliferation of corporate chains in Bangalore. Rahejas, Piramals, Tatas, to name a few, are all offering the growing educated middle class latest novelties. Greater margins have attracted retailers to increase and promote private label brands. Further, more consumers are purchasing Store Brand (Private label) products today than ever because of the growing awareness of the good value Store Brands offer. Store Brand prices are almost always lower than the national brands. Store Brand retail sales exceed \$48 billion annually and continue to grow. Moreover, a review of literature shows that while the topic is popular in the 155 Leslie de Chernatony, Branding in an era of retailer dominance, International Journal of Advertising, Vol. 8, No. 3, 1989 234 economically developed nations, very little work has been done in India on marketing of private label brands. Further, most researches related to private label brands have been done in the marketing of groceries and very little work has been done in the area of apparels marketing. Keeping the above background in mind, it was felt that there was a need to understand how consumers in Bangalore perceive private labels in the apparel industry. In these times of increasing competition and the survival of the fittest the private label brands will appear increasingly attractive to the consumer as he will also look for value for money.

The knowledge generated by the study as well as the findings provide useful practical insights to retailers in an emerging competitive Indian retail landscape. The study highlights the fact that store image has multitude dimensions and influences the behavior of consumers. The results of this study provide retail store managers with sufficient knowledge of the importance of each of the store dimension/sub-dimensions of store image from the customer perspective. This study confirms that it is imperative for retailers to assess consumer perceptions towards store image. By upgrading and sustaining a store image, retailers can create opportunities for themselves to achieve differentiation and higher position relative to other retail stores and thereby sell profitable private label brands. Retailers, therefore, need to focus on all dimensions/sub-dimensions of store image, such as sales personnel training and appearance; attractive and appealing store atmosphere; visual merchandizing, advertisement, loyalty programs and in-store promotion; customer service; merchandise assortment, variety and style; and lastly retailers must ensure that they provide their customers convenience of time and place. Establishing a right store image is very crucial for retailers and they should invest in creating a favorable store image perception. Retailers who don't maintain a proper store image amongst its target audience tend to lose their customers and have adverse effects on the corporate image of the firm.

## 7. CONCLUSION

It deals with the understanding of consumer perception towards PLB of retail stores and mentions how consumers trust retailer brand as they sell quality products. PLB tends to be cheaper by 5-20% as compared with national brands. The different secondary methods used in the study such as journals, paper, and reports to arrive at the solution were taken specifically for Bangalore region. Thus, we conclude by saying that in these times of increasing competition and the survival of the fittest the private label brands appear to have a 14% market share in the Bangalore region and will increasingly be attractive to the consumer as he will also look for value for money and the perceived quality that these brands fix in the minds of its consumers, which the national brands and other brands are not able to.

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