

ANALYTICAL STUDY OF MARKETING INITIATIVES OF PRIVATE LABEL BRANDS OF ORGANIZED RETAILERS IN PUNE CITY FOR SELECTED CATEGORY OF PRODUCTS – A PILOT STUDY

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ABSTRACT

An analytical study of marketing initiatives of private label brands of organized retailers in Pune city for selected category of products was undertaken. Objectives included studying and reviewing the awareness about Private Label Brands and their retailers in Pune City, finding potential market for Private Label Brands from various shopping malls and retail outlets, determining the marketing strategies for branding Private Label Brands and its retail outlet in Pune City, and studying the variations in demand on the basis of demographic variables for various brands including Private Label Brands. Before the main study was undertaken a pilot study was conducted based on sample of 100 consumers and 100 retailers. Customers are aware about Private Label Brands and their retailers in Pune City. There is a potential market for private label brands. Retailers have a marketing strategy for private label brands. The demographic factors do impact demand for various brands including private label brands. However income factor has a statistically significant relationship with the demand for private label branded products.

Keywords: Private label branded products, Retailers, Customers

1. Introduction

An analytical study of marketing initiatives of private label brands of organized retailers in Pune city for selected category of products was undertaken with the following objectives:

- To study and review the awareness about Private Label Brands and their retailers in Pune City
- To find potential market for Private Label Brands from various shopping malls and retail outlets
- To determine the marketing strategies for branding Private Label Brands and its retail outlet in Pune City
- To study the variations in demand on the basis of demographic variables for various brands including Private Label Brands

Five popular categories of products were selected for the study. These were - Apparels and accessories, Food and Grocery Products, Home Furnishing Products, Fashion and beauty care Products, and Consumer durable Products. 400 customers and 400 retailers were surveyed through two different questionnaires. Before the main study, a pilot study was undertaken with the following objectives:

Objectives of the pilot study

- To get a feel of issues to be encountered in data collection
- To test the usage of the questionnaire
- To test the hypotheses as per research methodology
- To test validity and reliability of questionnaire prepared for primary data collection

2. Review of literature

Despite the widespread belief that the private-label brands offer good value, it is strange to note that the market share of private-label brands has remained low in most countries (Wang et al. 2019). Consequences of rebranding multiple category-specific private-label brands by “opening the umbrella” and consolidating them under a single brand name have been studied. Retailers expect positive consequences that may show-up in two ways: (1) an improved marketing-mix effectiveness and (2) an increased intrinsic brand strength (Keller et al. 2020). A favorable consumer perception of apparel private label brands of retail department stores sizably impact the consumer to be loyal to the store (Gangwani et al. 2020). Private label brands have been increasing both consumer acceptance and perceived quality in the last decades. This has

compelled national brands to invest in maintaining consumer preference and confidence (Rita et al. 2020). When purchasing packaged products from a supermarket, consumers choose between private label brands or proprietary brands. However, when purchasing fresh vegetables and fruits, non-branded products are the dominant option—with private label brands and proprietary brands only becoming available recently (Anesbury et al. 2020). Jagani et al. (2020) find that private label brands of the e-grocery retail creates a new complication for consumers. Perceived risk towards private label brands has a significant mediation effect on the relationships between perceived store image, private label brand price image and customer attitude towards private label brands (Diallo 2020). Ghosh et al. (2021) argue that other than price competition with other underlying factors distinguish the perception of customers' of the national brand and private label brand. Ravi and Prasad (2020) state that as the retail evolution is taking place in India, consumers are finding private label branded products to be high-quality items which offer them a smart way to save money. Kumar and Balasubramanian (2021) believe that selling a private label brand has various advantages for retailers as well as the consumers.

3. Methodology

Sample– The sample size for the main study was rounded off to 400 retailers and customers each. For the pilot study, 25% of 400 retailers and customers or 100 retailers and customers, each were selected as sample. Convenience sampling method was followed.

Instrument for survey – Two questionnaires were designed for the study. The questionnaire for customers had two sections. The first section has 10 questions (true or false) to check the awareness about private label brands. The second section was regarding demand for private label brands. It had ten statements and responses were sought on a 5-point Likert scale.

The questionnaire for the retailers had 2 sections – market potential for private label brands and marketing strategies for private label brands. Each section had ten statements and responses were sought on a 5-point Likert scale.

The questionnaire was tested for validity and reliability as under –

Test of validity –The hypotheses, hypotheses testing method, questionnaire etc. were validated by the Guide and other experts in the field so as to ensure that the measurement was adequate and accurate in terms of the desired direction.

A check-list as prescribed by Brown et al. (2015) was applied for validation as under –

Table 1 Application of Brown et al. check-list for validation

Step No.	Step	Action
1	Establish Face Validity	The questionnaire has been validated for face validity by guide and group of experts.
2	Clean Collected Data	Our mechanism of collecting data ensures that there is no invalid entry because there is no entry only. It is a selection for range of options.
3	Use Principal Components Analysis (PCA)	<ul style="list-style-type: none"> a. We don't have too many variables under consideration b. It is expected that the variables should be widely interpretable. Therefore PCA was not used.
4	Check Internal Consistency	This was done through Cronbach's Alpha

Test of reliability – Cronbach's Alpha and other tests were applied on the questionnaire using "Siegle Reliability Calculator" an excel program and the results are summarized as under –

Cronbach's Alpha	0.759926932	Reliability Calculator							
Split-Half (odd-even) Correlation	0.799221002	created by Del Siegle (del.siegle@uconn.edu) for EPSY 5601							
Split-Half with Spearman-Brown Adjustment	0.888407818								
Mean for Test	32.37								
Standard Deviation for Test	6.68080085								
KR21 (use only 0 and 1 to enter data for this)	1.524805228								
KR20 (use only 0 and 1 to enter data for this)	1.533957156								
		Questions	Subjects						
		20	100						
		Question 1	Question 2	Question 3	Question 4	Question 5	Question 6	Question 7	Question 8
Subject1		1	2	2	1	2	2	2	2
Subject2		2	2	2	1	1	1	2	2
Subject3		2	1	1	1	1	2	2	2
Subject4		2	1	2	2	2	2	2	2
Subject5		2	1	2	2	1	2	2	1
Subject6		2	2	1	2	2	1	1	1
Subject7		1	2	2	1	2	2	2	2
Subject8		2	2	2	1	2	2	2	2

Figure 1: Cronbach’s Alpha score for questionnaire for customers

Cronbach's Alpha	0.817634194	Reliability Calculator							
Split-Half (odd-even) Correlation	0.904290848	created by Del Siegle (del.siegle@uconn.edu) for EPSY 5601							
Split-Half with Spearman-Brown Adjustment	0.949740266								
Mean for Test	35.2								
Standard Deviation for Test	9.410632285								
KR21 (use only 0 and 1 to enter data for this)	1.370608092								
KR20 (use only 0 and 1 to enter data for this)	1.373427471								
		Questions	Subjects						
		20	100						
		Question 1	Question 2	Question 3	Question 4	Question 5	Question 6	Question 7	Question 8
Subject1		2	1	2	1	1	1	2	1
Subject2		0	1	1	1	2	2	1	2
Subject3		3	4	3	4	4	3	3	3
Subject4		2	0	2	2	1	2	1	1
Subject5		2	2	0	1	2	1	2	1
Subject6		3	4	3	3	3	4	4	3
Subject7		1	2	1	0	1	2	2	2
Subject8		3	4	3	4	4	3	3	3

Figure 2: Cronbach’s Alpha score for questionnaire for retailers

As the Cronbach’s alpha score was more than 0.70, the questionnaire was considered as reliable.

Hypotheses formulation-

The hypotheses formulation is presented below –

Table 2: Hypotheses formulation

Sr. No.	Area of study	Null hypothesis	Alternate hypothesis
1	Awareness about private label brands	Customers are not aware about Private Label Brands and their retailers in Pune City	Customers are aware about Private Label Brands and their retailers in Pune City
2	Market potential for private label brands	There is no potential market for private label brands	There is a potential market for private label brands
3	Marketing strategies for private label brands	Retailers do not have a marketing strategy for private label brands	Retailers have a marketing strategy for private label brands
4	Demand for private label brands	The demographic factors do not impact demand for various brands including private label brands	The demographic factors do impact demand for various brands including private label brands

Scheme formed for testing of hypotheses

- A survey questionnaire was designed to collect primary data in order to test the hypothesis as stated earlier.
- In line with the hypothesis the questionnaire was divided into following parts / sections:
 - Awareness about private label brands (customers)
 - Demand for private label brands (customers)
 - Market potential for private label brands (retailers)
 - Marketing strategies for private label brands (retailers)
- Each section had ten questions/statements
- Responses to these questions were taken on 5-point Likert scale except awareness section for customers (for which true or false response was sought)
- Following values were used to code response of each of the IV sections:

Table 3: Coding of response options

Value	Response Options			
	Section I (Customers)	II (Customers)	I (Retailers)	II (Retailers)
0		No response	No response	No response
1	True	Somewhat Agree	Somewhat Agree	Somewhat Agree
2	False	Strongly Agree	Strongly Agree	Strongly Agree
3		Somewhat Disagree	Somewhat Disagree	Somewhat Disagree
4		Strongly Disagree	Strongly Disagree	Strongly Disagree

- For the first section for customers, the awareness score was calculated by comparing the responses with the correct answers.
- Average score (sample mean) was compared with hypothesized mean of 5 (mid-point of 0-10 score).
- For the other three sections, agreement /disagreement score was found out.
- Weights of 2 were used to value extreme responses and distinguish them from moderate (somewhat) responses.
- Average agreement/disagreement score for each of the sections was calculated for all the 10 sub-responses under each of them for the 100 respondents.
- For the t-tests this average score (average of 10 sub-responses) was compared with hypothesized population mean of 50% connoting an event by chance.
- For testing the four hypotheses following methods were used:

Table 4: Methodology for testing of hypotheses

Hypothesis	Area of study	Statistical method
H1	Awareness about private label brands	t-test
H2	Market potential for private label brands	t-test
H3	Marketing strategies for private label brands	t-test
H4	Demand for private label brands	Linear Regression (dependent variable – demand and independent variable – family income) and ANOVA (dependent variable – demand and independent variables – various demographic factors)

- P-values along with R² values were calculated and the null hypotheses were checked for rejection or non-rejection.

4. Data analysis

a. Descriptive analysis – customers (Table set 5)

Gender

Sr. No.	Gender	Number of respondents	Percentage
1	Male	42	42%
2	Female	58	58%
	Total	100	100%

Age

Sr. No.	Age-group	Number of respondents	Percentage
1	<30 years	23	23%
2	30-39 years	29	29%
3	40-49 years	24	24%
4	>=50 years	24	24%
	Total	100	100%

Education

Sr. No.	Qualification	Number of respondents	Percentage
1	Under graduate	6	6%
2	Graduate	75	75%
3	Post graduate	19	19%
	Total	100	100%

Occupation

Sr. No.	Occupation	Number of respondents	Percentage
1	Job	49	49%
2	Business	15	15%
3	Student	5	5%
4	Retired	5	5%
5	Homemaker	26	26%
	Total	100	100%

Area

Sr. No.	Area	Number of respondents	Percentage
1	Swargate	20	20%
2	Hadapsar	19	19%
3	Kothrud	17	17%
4	Viman Nagar	26	26%
5	Pimpri Chinchwad	18	18%
	Total	100	100%

Income

Sr. No.	Income	Number of respondents	Percentage
1	<Rs. 25000	40	40%
2	Rs. 25000-50000	24	24%
3	Rs. 50000-100000	17	17%
4	>Rs. 100000	9	9%
	Total	100	100%

Category

Sr. No.	Category	Number of respondents	Percentage
1	Apparels and accessories	16	16%
2	Food and Grocery	18	18%
3	Home furnishing	20	20%
4	Fashion and beauty care	14	14%
5	Consumer durables	9	9%
6	Others	10	10%
7	Mix	13	13%
	Total	100	100%

Source

Sr. No.	Format	Number of respondents	Percentage
1	Malls	30	30%
2	Hypermarkets	25	25%
3	Retail Outlets	22	22%
4	Mix	23	23%
	Total	100	100%

b. Descriptive analysis – retailers (Table set 6)*Type*

Sr. No.	Format	Number of respondents	Percentage
1	Mall	28	28%
2	Hypermarket	36	36%
3	Retailer	36	36%
	Total	100	100%

Area

Sr. No.	Area	Number of respondents	Percentage
1	Swargate	15	15%
2	Hadapsar	19	19%
3	Kothrud	27	27%
4	Viman Nagar	21	21%
5	Pimpri Chinchwad	18	18%
	Total	100	100%

Business Standing

Sr. No.	Years	Number of respondents	Percentage
1	< 5 years	16	16%
2	5-9 years	34	34%
3	10-14 years	30	30%
4	>= 15 years	20	20%
	Total	100	100%

No. of Employees

Sr. No.	Number	Number of respondents	Percentage
1	<10	36	36%
2	10-49	24	24%
3	50-99	12	12%
4	>=100	28	28%
	Total	100	100%

Position of PL brands

Sr. No.	Position	Number of respondents	Percentage
1	Separately	11	11%
2	Along with conventional brands	89	89%
	Total	100	100%

Advertising Medium

Sr. No.	Medium	Number of respondents	Percentage
1	Print Media	28	28%
2	Flex advertising	18	18%
3	Electronic media	12	12%
4	Social media	14	14%
5	Mix	28	28%
	Total	100	100%

Promotion of PL brands

Sr. No.	Medium	Number of respondents	Percentage
1	Price	35	35%
2	Quality	5	5%
3	Variety	2	2%
4	Mix	58	58%
	Total	100	100%

Profit Margins

Sr. No.	Margins	Number of respondents	Percentage
1	At par	33	33%
2	Below conventional	32	32%
3	Above conventional	35	35%
	Total	100	100%

c. Inferential analysis (Testing of hypotheses)

1) Hypothesis 1:

Ho1: Customers are not aware about Private Label Brands and their retailers in Pune City

Ha1: Customers are aware about Private Label Brands and their retailers in Pune City

This hypothesis was tested by comparing sample mean (average awareness score for 100 customers) with hypothesized population mean of 5 (being the mid-point of 0-10 score). The results are tabulated below:

Table 7: Hypothesis Testing H1

Parameter	H1
Sample Mean (\bar{x})	5.4
Hypo. population mean (μ)	5.0
SD of sample	1.91
N	100
t-value	2.25
p-value	0.013
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, customers are aware about Private Label Brands and their retailers in Pune City.

2) Hypothesis 2:

Ho2: There is no potential market for private label brands

Ha2: There is a potential market for private label brands

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

Table 8: Average agreement ratings for market potential for PL brands

Market Potential Statements	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	92%	63%	68%	91%	91%	92%	66%	67%	77%	73%	78%

Table 9: Hypothesis testing – H2

Parameter	H2
Sample Mean (\bar{x})	78%
Hypo. population mean (μ)	50%
SD of sample	0.97
N	100
t-value	2.90
p-value	0.002
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, that there is a potential market for private label brands.

3) Hypothesis 3:

Ho3: Retailers do not have a marketing strategy for private label brands

Ha3: Retailers have a marketing strategy for private label brands

This hypothesis was tested by comparing sample mean (average agreement/disagreement score) with hypothesized population mean of 50% (connoting the event by chance). The results are tabulated below:

Table 10: Average agreement ratings for marketing strategies for PL brands

Marketing Strategies	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	92%	65%	66%	92%	93%	93%	67%	64%	73%	71%	78%

Table 11: Hypothesis testing – H3

Parameter	H3
Sample Mean (\bar{x})	78%
Hypo. population mean (μ)	50%
SD of sample	1.03
N	100
t-value	2.67
p-value	0.004
Decision	Reject Null

The null hypothesis was rejected in favor of the alternate which means, retailers have a marketing strategy for private label brands.

4) Hypothesis 4:

Ho4: The demographic factors do not impact demand for various brands including private label brands

Ha4: The demographic factors do impact demand for various brands including private label brands

Hypothesis 4 was tested using ANOVA with Demand as a dependent variable and various demographic factors as independent variables. Moreover, Linear Regression was done using Demand as dependent variable and Family Income as independent variable.

Interpretation ANOVA:

Given the R^2 , 36% of the variability of the dependent variable Demand is explained by the 8 explanatory variables. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is not significantly better than what a basic mean would bring.

Interpretation Linear Regression (Demand):

Given the R^2 , 9% of the variability of the dependent variable Demand is explained by the explanatory variable. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring.

When we consider all the demographic factors together (ANOVA), there is no statistically significant relationship between demographic variables and demand. However, if we consider only the family income variable (Linear Regression) it shows a statistically significant relationship with demand.

Based on R^2 value of 9% read along with p-value of 0.003 (for the linear regression), the null hypothesis is rejected, which means, the demographic factors do impact demand for various brands including private label brands.

Summary of inferential analysis

Summary of the testing of all the four hypotheses along with their interpretation is given below:

Table 12: Summary of inferential analysis

Sr. No.	Null Hypotheses	R^2 / p-value	Decision	Interpretation
1	Customers are not aware about Private Label Brands and their retailers in Pune City	0.013	Reject Null	Customers are aware about Private Label Brands and their retailers in Pune City
2	There is no potential market for private label brands	0.002	Reject Null	There is a potential market for private label brands
3	Retailers do not have a marketing strategy for private label brands	0.004	Reject Null	Retailers have a marketing strategy for private label brands
4	The demographic factors do not impact demand for various brands including private label brands	9% and 0.003	Reject Null*	The demographic factors do impact demand for various brands including private label brands

*There is no statistically significant relationship between all the demographic variables considered together and demand. However, there is statistically significant relationship between family income variable and demand. The null is rejected on that basis.

5. Conclusions

Customers are aware about Private Label Brands and their retailers in Pune City. There is a potential market for private label brands. Retailers have a marketing strategy for private label brands. The demographic factors do impact demand for various brands including private label brands. However income factor has a statistically significant relationship with

the demand for private label branded products. As regards the objectives of the pilot study following was concluded:

- a) Data collection is possible with reasonable comfort
- b) Processing of the data into variables required for inferential data analysis can be done
- c) The hypotheses can be duly tested as per the research methodology
- d) The questionnaire prepared for primary data collection tests well for validity and reliability. However, respondents demanded confidentiality.

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