



## A STUDY ON IMPACT OF TRUST DEFICIT OF CUSTOMERS USING PRIVATE LABEL FOOD PRODUCTS OF RELIANCE FRESH, MORE AND METRO

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### Abstract

Retailers as a brand have developed a new approach by introducing in - house products or private label products to sustain in the competitive market. Private label products help the retailers to boost their sales by offering equal quality of branded products with low price. Retailers expand their brand by following a strategy of creating a value added store brand with private label products and have introduced wide range of products in different categories like food and grocery, clothing, household cleaners, personal care, health care, durables etc. The study aims to analyse the impact of trust factor on consumers who are availing private label food products of Reliance Fresh, More stores and Metro cash and carry, Bangalore. It also focuses on the factors responsible for the growth of trust on the consumers of private label food products. The objective of the study is to understand the factors which are influencing the customers to buy in-house food products. The research aims to look into whether the consumer has a trust deficit on in – house brands or not. The factors considered include quality and pricing point. A comprehensive study has been conducted from the sight of consumers and data is collected by conducting a survey with a sample size of 150 (50 Reliance Fresh 50 More stores 50 Metro cash and carry) in Bangalore with the help of a structured questionnaire.

**Keywords:** In-House Brands, Price, Quality, Private Label Products, Trust Deficit.

### Introduction

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, India retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well.

With the increasing growth of the organized retail sector, store brands are also increasingly accepted by the Indian organized retail market. Private label products are commonly referred to as name brand, store brand, own label, retailer brand or generics. These are brands owned by the retailer rather than the manufacturer. Private label products are found in almost all food and grocery categories.

In India, up-to-date styles, top quality and accessible prices, all work for private brands. Marketers and retailers also feel that the pricing, which is lower than national brands, is a big advantage for private label goods. Enthusiasm, high demand & opportunities are the key forces driving the private label market in India.

The driving force for the Private label market in India is better margins and increasing consumer acceptance. Private labels are grabbing more & more market share in India. As per reports “The margins for private labels in the food& beverage segment is growing at compounded annual growth rate of 30 percent for the next five years owing to improved quality of products at low price & range between 10%-15% in case of FMCG products. In a recent study, it was said that the market share of private label products in India will be 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.

Retailers like Reliance Retail, Future group, Aditya Birla Retail, Bharti Wal Mart Retail, Hyper city, Infiniti Retail, Trent, Shoppers Stop etc., are offering private label products in their merchandise mix.

### Statement of the Problem

The private-label area in the fast-moving consumer goods (FMCG) arena has shown incredible consistency and potential. The food category alone accounts for 76 percent of the total sales in private label, and within this, some areas are making bigger waves than others. Packaged grocery, for example, has a particularly dominant position, as it pulls in a whopping 53 percent of total sales. This research is undertaken to identify whether the customers have trust on private label products or not.

### Objectives of the Study

- To understand consumer perception towards private label products.
- To identify the factors influencing purchase of private label food products.
- To ascertain the type of food products preferred in private label by consumer.



### Research Gap

1. It was found that no research was conducted to examine the trust factors influencing the purchase of Private label products.
2. The research was conducted in Bangalore region ,which was not done previously.

### Analysis

#### Methodology

A structured questionnaire will be used to collect primary data.

In the questionnaire, the respondents were asked about their perception and intention to buy private label products.

**Data Source:** Primary Data and Secondary data.

**Method:** Convenient Sampling.

**Sample Size:** 150

**Research:** Descriptive Research

**Ho:** There is no impact of trust deficit on consumers using private label food products.

**H1:** There is an impact of trust deficit on consumers using private label food products.

### Results

#### 1. Age Group

**Table 1: Showing the age group of the consumers**

Age	No. of respondents	Percentage
20 - 25	18	12%
26 - 35	47	31%
36 - 45	49	33%
46& above	36	24%
Total	150	100%

**Interpretation:** From the above table we can interpret that there is more purchase of private label products among the age group of 36 – 45 as awareness of private label products is more among them.

#### 2. Gender

**Table 2: Showing the gender of the consumers**

Gender	No. of respondents	Percentage
Male	63	42%
Female	87	58%
Total	150	100%

**Interpretation:** From the above table we can interpret that there is more purchase of private label products among female, as they are considered as the decision makers of the household of the sample size.

#### 3. Occupation

**Table 3: Showing the occupation of the consumers**

Occupation	No. of respondents	Percentage
Student	18	12%
Self-employed	39	26%
Professional	48	32%
Housewife	45	30%
Total	150	100%

**Interpretation:** From the above bar table we can interpret that majority of them who consume private label products are professionals as they are aware of these products



#### 4. Source of Information

**Table 4: Showing the source of information for the consumers**

Source of information	No. of respondents	Percentage
Ads on newspapers	16	11%
Pamphlets	41	27%
Word of mouth	38	25%
In - store promotions	55	37%
Total	150	100%

**Interpretation:** From the above table we can interpret that In-store promotions is high as it is an effective source to create awareness of their own products.

#### 5. Satisfaction Level with Respect to Quality

**Table 5: Showing the satisfaction level of customers with respect to quality**

Parameters	No. of respondents	Percentage
Highly satisfied	25	17%
Satisfied	49	33%
Neutral	39	26%
Dissatisfied	21	14%
Highly dissatisfied	16	11%
Total	150	100%

**Interpretation:** From the above table we can interpret that majority of consumers are satisfied with the quality offered by the in house brands as they are getting similar quality when compared with national brands.

#### 6. Satisfaction Level with Respect to Pricing

**Table 6: Showing the satisfaction level of customers with respect to price**

Parameters	No. of respondents	Percentage
Highly satisfied	51	34%
Satisfied	49	33%
Neutral	31	21%
Dissatisfied	10	7%
Highly dissatisfied	9	6%
Total	150	100%

**Interpretation:** From the above table we can interpret that 51 consumers are highly satisfied with the pricing of the private label products as pricing of these brands is quiet low when compared with other brands.

#### 7. Reasons for Preferring Private Label Food Products over Branded Products

**Table 7: Showing the reasons for preferring private label food products**

Parameters	No. of respondents	Percentage
Quality	42	28%
Price	39	26%
Ease of availability	37	25%
Store image	9	6%
Familiarity	23	15%
Total	150	100%

**Interpretation:** From the above table we can interpret that quality and price are the main factors that drive the consumers to choose private label products as they offer less price and similar quality as that of branded products.

## 8. Nutrition Value

**Table 8: Showing the perception of consumers on nutrition value**

Parameters	No. of respondents	Percentage
Strongly agree	48	32%
Agree	42	28%
Neutral	30	20%
Disagree	12	8%
Strongly disagree	18	12%
Total	150	100%

**Interpretation:** From the above table we can interpret that majority of the consumers feel that private label products are nutritious as the quality of the products is good.

**Table 9: Showing the chi-square tests**

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.214 <sup>a</sup>	16	.986
Likelihood Ratio	6.552	16	.981
Linear-by-Linear Association	.210	1	.647
N of Valid Cases	150		

**Analysis:** Chi-square value obtained is 6.214 with degree of freedom=16.P-value is 0.986 which is greater than 0.05 (degree of significance), hence we accept the null hypothesis.

**Inference:** There is no impact of trust deficit on consumers using private label products. This indicates that consumers have a strong belief on private label products. Private label products have been able to position themselves in the minds of consumers due to factors like good quality, price and trust.

### Findings

- Majority of consumers get information through in-store promotion and print media.
- Consumers are satisfied with the quality, quantity and pricing.
- Pricing is relatively less than other brands.
- Store image plays an important role in private label products as majority of consumers has agreed this fact.
- Consumers strongly believe and trust on private label products.
- Consumers find private label products equally nutritious when compared with other branded products.

### Conclusion

From this study we can come to a conclusion that private labels are able to position themselves significantly in the mind of customers and are gaining acceptance. There exists a strong belief on in house brands in food category of private labels. The view of customers towards purchase of private label products is dependent on the price of the product, after which the quality and availability of the product takes in to account.

The results showed a positive and significant effect between consumers with confidence and interest in buying private label products at retail supermarkets. Growth in specific private label segments like food are growing at a faster rate.

It can be said that if private label manufacturers can consistently provide value to customers on factors rated high by customers, there is a high possibility for them to establish these brands as acceptable in the minds of customers and to improve customer's perception regarding the same.



### **Suggestions**

- Awareness about private label products helps customers to know more about private labels and will reach to maximum customers and it also helps company to maximize its sales and profit.
- Should focus more on promotions as these products are not much advertised.
- Tying up with small scale entrepreneurs which help to increase their volume of business and it's a win-win situation to both the parties.
- Customer database setup, storage and management to monitor customer data from enrolment to loyalty activity follow-up.
- In-house brands should focus on reducing the misconception that private label products are only for low income people by promoting through proper advertisement.

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