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A Study On Customers' Purchase Intention Towards Store-Brands In Modern Retailing Organizations

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Abstract:
Retail sector is an emerging sector in growing country like India. It has a successful track record in western countries like U.S. There are sufficient studies had done in western countries. But still there is a huge scope in India, due to diversified cultural issues. In the present study the investigators focused on to identify the customers' purchase intention on store brands in present retailing organisations.

Keywords: *Emerging, purchase intention*

INTRODUCTION ON RETAIL INDUSTRY

Every individual is a customer in retail industry. This industry accounts for more than 10% of the global workforce and is the single largest industry in most countries. The common ideology works among Wal-Mart, Big Bazaar, D-mart, sponsors, shoppers stoppers, Flipkart, and the neighborhood*kirana*stores. The answer is retailing. Retailing is the last link in the chain of distribution.
The distribution of consumer goods starts with the manufacturer and ends at the final consumer. The countries with the greatest economic and social developments have been those with a strong retail sector.

RESEARCH GAP

Most of the studies on store brands were examined in the United States and European markets whereas there has been relatively little amount of research done in India where store brands are not well established and even they are in earlier stages of development. Hence the study to examine the purchase intention of the customers towards store brands, which is more vital to study than just examining customers' attitudes, as the consumers' attitude doesn't effectively convey his or her purchase intentions of that product.

RESEARCH OBJECTIVES

The overall objective of the study is to predict the purchase intention of customers towards store brands. The specific objectives for this study are as under.
1. To review the Frequency of Buying Consumer Packaged Goods (CPG) by the retail customers of three cities.(Vskp, Vja, Gnt)
2. To observe the Factors Perceived Important in Buying CPG in the above area.
3. To study the impact of Area of Living and Customer's Preference towards Types of Brands

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4. To find out the reasons for Preferring Modern Retail Stores in the state of Newly formed Andhra Pradesh, through the three cities.

Hypotheses

H_0: Area of living doesn't significantly affect the customers' preferences towards types of brand

H_A: Area of living does significantly affect the customers' preferences towards types of brand

SAMPLING DESIGN

A sample is defined as a small portion of the population. In many cases, researchers conduct studies on samples rather than on the entire population because of some inherent difficulties. It can be presumed that in such an inquiry when all the items are covered, no element of chance is left and highest accuracy is obtained. A sample design is a definite plan for obtaining a sample from a given population. It refers to the procedure the researcher would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e., the size of the sample.

Population of the Study

The first step in developing any sample design is to clearly define the set of objects. The population comprises in the present study is all the customers of modern retailing organization in the three cities viz., Visakhapatnam, Vijayawada and Guntur, in the state of Andhra Pradesh in India.

Sampling Frame

The sampling frame for the present research study would be comprised of customers of the top three corporate hypermarket chain stores namely Big Bazaar, Reliance Mart and Spencer's Retail in three cities of Andhra Pradesh, and are above 18 years old.

Sampling Technique

For the purpose of the present study, convenience sampling technique has chosen because of its advantages. Systematic non random sampling has certain plus points. It can be taken as an improvement over a simple non random sample. It is an easier and less expensive method of sampling and can be conveniently used even in case of large populations

Sample Size

This refers to the number of items to be selected from the universe to constitute a sample. Determining an appropriate sample size for this research was considered to be a paramount importance. An optimum sample size fulfils the reliability, validity. Nearly 30,000 customers visit the retail stores chosen in the selected locations, during the weekdays (Monday to Friday) and the figure plunges to as high as 55,000 including Saturdays and Sundays, which means the population of the study in infinite. According to the previous marketing research studies, the minimum sample size

required in case of infinite population (above 50,000) was calculated by using the following formula (Godden, 2004)

$$n = Z^2 x p(1-p) / M^2$$

Where,

n = Sample Size for infinite population (more than 50,000)

Z = Z value for the confidence level desired by the researcher

p = Population proportion (expressed as decimal) (assumed to be 0.5 (50%), since this would provide the maximum sample size)

M = Margin of error at 5% (0.05)

For the purpose of the present study, it is assumed that Z=1.96 fr 95 percent confidence interval, p=0.5, and M=0.05.

Sample size (n) $= 1.96^2 \times 0.5(1-0.5) / 0.05^2$

$= 3.8416 \times 0.25 / 0.0025$

$= 384.16$

As a result of the above calculation, the minimum sample size for the present study was considered to be 450 respondents. However, increasing the sample size could reduce the sampling error.

Composition of Sample Collection

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Location	No of stores Approached	No of stores Surveyed	No of customers surveyed	No of Usable surveys
Visakhapatnam	5	3	160	149
Vijayawada	6	3	160	147
Guntur	5	3	160	154
Total	16	9	480	450

RELIABILITY TEST

Reliability is an assessment of the degree of consistency among multiple measurements of a variable **(Hair et al, 1998).** For testing the reliability, Cronbach Coefficient Alpha test is used, as it is the most widely used method for evaluating the reliability of a measurement scale with multi-point items **(Peterson 1994).** The co-efficient, which reflects homogeneity among a set of items, varies from 0 to 1. However, a good reliability should produce at least a co-efficient value of 0.07. The following are the results of Cronbach Alpha test conducted on Likert-type questions

Frequency of Buying Consumer Packaged Goods (CPG)

Table: Frequency of Buying CPG

#	Frequency	Store	Total						
		BB	RR	SR					
		No.	%	No.	%	No.	%	No.	%
1	Every week	14	10	12	8.3	17	12	43	10
2	Once in a month	79	58	81	56	80	56	240	57
3	As and when needed	38	28	43	30	39	27	120	28
4	Once in a while	5	3.7	8	5.6	7	4.9	20	4.7
Total	136	100	144	100	143	100	423	100	

Most of the respondents (67%) buy CPG either weekly or monthly, whereas a significant amount of them (28%) buy as and when needed.

Figure: Frequency of Buying CPG

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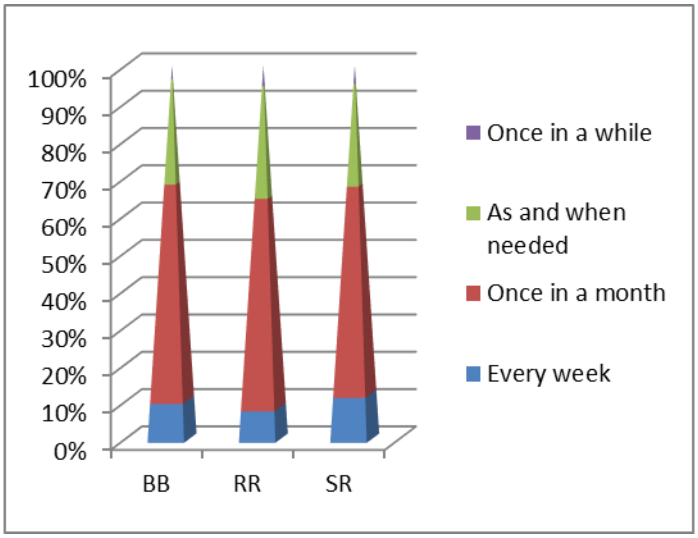

Types of Brands Preferred
Table: Types of Brand Preferred

#	Brand Type	Store						Total	
		BB		RR		SR			
		No.	%	No.	%	No.	%	No.	%
1	Familiar brands	108	79.4	113	78.5	109	76.2	330	78.0
2	Unfamiliar brands	28	20.6	31	21.5	34	23.8	93	22.0
3	Unbranded goods	0	0.0	0	0.0	0	0.0	0	0.0

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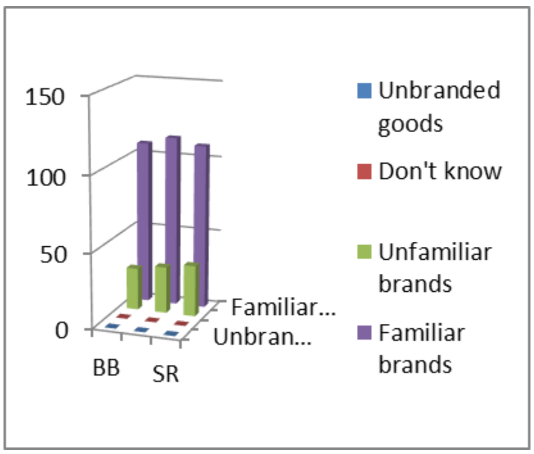
4	Don't know	0	0.0	0	0.0	0	0.0	0	0.0
Total		**136**	**100.0**	**144**	**100.0**	**43**	**100.0**	**423**	**100.0**

When it comes to satisfying all their needs and requirements, most of the respondents preferred familiar brands over unfamiliar ones. Nobody preferred unbranded goods.

Figure: Types of Brand Preferred



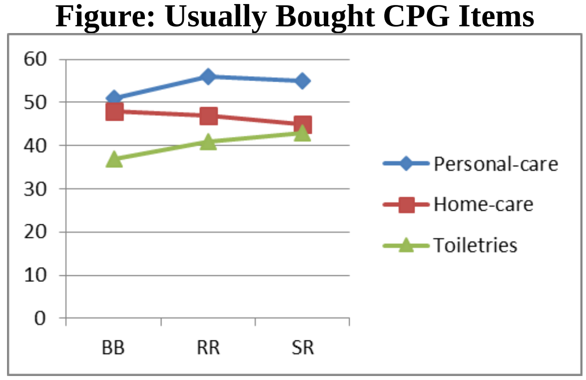
Usually Bought CPG Items

Table: Usually Bought CPG Items

#	CPG Items	Store						Total	
		BB		RR		SR			
		No.	%	No.	%	No.	%	No.	%
1	Personal-care	51	37.5	56	38.9	55	38.5	162	38.3
2	Home-care	48	35.3	47	32.6	45	31.5	140	33.1
3	Toiletries	37	27.2	41	28.5	43	30.1	121	28.6
Total		**136**	**100.0**	**144**	**100.0**	**143**	**100.0**	**423**	**100.0**

Personal-care items (38%) such as toothpaste, tooth brush, mouthwash, shampoo, conditioner, face and body lotion, talcum powder, cosmetics etc. are the mostly bought items under CPG. Home-care (33%) such as room freshener, floor cleaner, dishwasher, fabric cleaner, laundry solution etc. and Toiletries (27%) such as toilet cleaner, toilet freshener, tile cleaner etc. comes next.

Figure: Usually Bought CPG Items



General Brand Choice Behavior in CPG

Table: General Brand Choice Behavior in CPG

#	Behavior	Store						Total	
		BB		RR		SR			
		No.	%	No.	%	No.	%	No.	%
1	Stick to one brand	40	29.4	47	32.6	49	34.3	136	32.2

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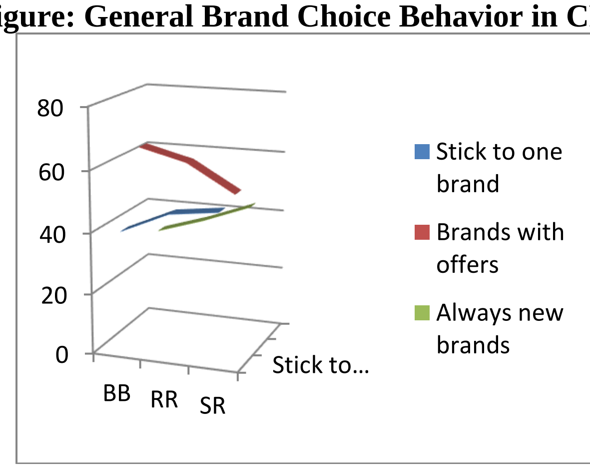
#	Choice	BB No.	BB %	RR No.	RR %	SR No.	SR %	Total No.	Total %
2	Brands with offers	64	47.1	60	41.7	51	35.7	175	41.4
3	Always new brands	32	23.5	37	25.7	43	30.1	112	26.5
Total		**136**	**100.0**	**144**	**100.0**	**143**	**100.0**	**423**	**100.0**

A majority of the respondents (41%) agreed that they prefer to choose brands that come with attractive offers. Another significant portion of them (32%) said they stick to a single brand in CPG. However, a considerable percentage of them i.e., 27% said, they always choose new brands.

Figure: General Brand Choice Behavior in CPG



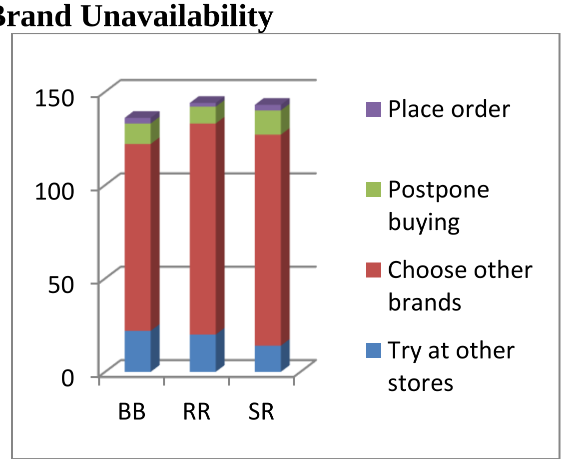
Behavior of Respondents in Case of Unavailability of Favorite Brand

Table: Respondent's Behavior in Case of Brand Unavailability

#	Reaction	Store BB No.	BB %	RR No.	RR %	SR No.	SR %	Total No.	Total %
1	Try at other stores	22	16.2	20	13.9	14	9.8	56	13.2
2	Choose other brands	100	73.5	113	78.5	113	79.0	326	77.1
3	Postpone buying	11	8.1	9	6.3	13	9.1	33	7.8
4	Place order	3	2.2	2	1.4	3	2.1	8	1.9
Total		**136**	**100.0**	**144**	**100.0**	**143**	**100.0**	**423**	**100.0**

In case the brand looking for, by the respondents is out of stock at the moment, a high majority of the respondents (77%) chooses other brands from the same store. 13% of them try at other stores. While only 8% are likely to postpone their purchase, a very negligible percentage of them, i.e., 2% place an order with the store for their favorite brand.

Figure: General Respondent's Behavior in Case of Brand Unavailability



General Opinion on Brands Available in Store

Table: General Opinion on Brands Available in Store

#	Opinion	Store	Total

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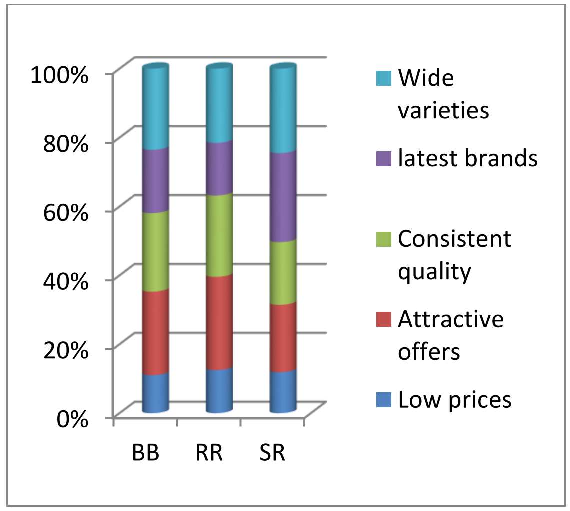
		BB		RR		SR			
		No.	%	No.	%	No.	%	No.	%
1	Low prices	15	11.0	18	12.5	17	11.9	50	11.8
2	Attractive offers	33	24.3	39	27.1	28	19.6	100	23.6
3	Consistent quality	31	22.8	34	23.6	26	18.2	91	21.5
4	Latest brands	25	18.4	22	15.3	37	25.9	84	19.9
5	Wide varieties	32	23.5	31	21.5	35	24.5	98	23.2
Total		136	100.0	144	100.0	143	100.0	423	100.0

Sharing about their overall opinion on various brands available at their favorite store, most of the respondents said, brands come with attractive offers (24%) and wide varieties (23%). Another 22% of them said the quality of various brands is consistently good. While around 20% said that there are always latest brands, only 12% opined that the prices of various brands are low. This signifies that baring price, good number of respondents have positive opinion on other aspects of the various brands available in their favorite store.

Figure: General Opinion on Brands Available in Store



Factors Perceived Important in Buying CPG

Table: Factors Perceived Important in Buying CPG

#	Factors	Store						Total	
		BB		RR		SR			
		No.	%	No.	%	No.	%	No.	%

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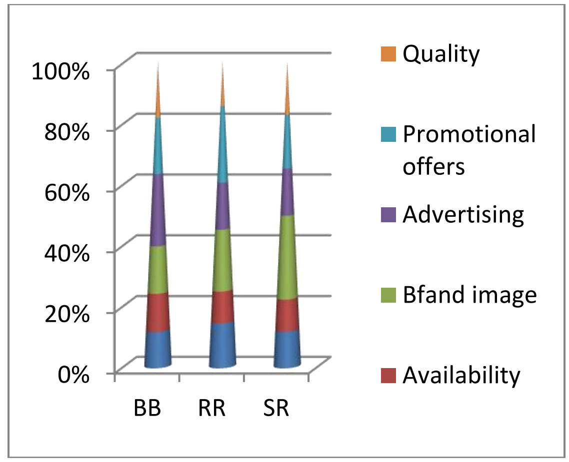
1	Price	16	11.8	21	14.6	17	11.9	54	12.8
2	Availability	17	12.5	15	10.4	15	10.5	47	11.1
3	Brand image	21	15.4	29	20.1	39	27.3	89	21.0
4	Advertising	32	23.5	22	15.3	22	15.4	76	18.0
5	Promotional offers	25	18.4	36	25.0	25	17.5	86	20.3
6	Quality	25	18.4	21	14.6	25	17.5	71	16.8
Total		**136**	**100.0**	**144**	**100.0**	**143**	**100.0**	**423**	**100.0**

From the above table, it is understood that Brand Image and Promotional Offers are perceived to be most important factors by 21% and 20% of the respondents respectively, in choosing CPG items. While 16% perceived quality as important factor, around 13% perceived price and 11% perceived availability of the brand as important factors
.

Figure: Factors Perceived Important in Buying CPG



Area of Living and Customer's Preference towards Types of Brands

An attempt is made here to check whether area of living of customers has any affect on perception of customers towards types of brands chosen. Uni-variate analysis is applied for the purpose of testing the hypothesis H_2.
H_2: Area of living doesn't significantly affect the customers' preferences towards types of brand.

Table: Uni-Variate Analysis for Testing H2
Tests of Between-Subjects Effects

Dependent Variable: Number

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	49289.363[a]	5	9857.873	7838.920	.000
Intercept	162165.783	1	162165.783	128953.242	.000
Type	49124.683	1	49124.683	39063.648	.000

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Location	11.122	2	5.561	4.422	.013
Store	157.877	2	78.939	62.771	.000
Error	524.400	417	1.258		
Total	455697.000	423			
Corrected Total	49813.764	422			

a. R Squared = .989 (Adjusted R Squared = .989)

Post Hoc Tests,LocationHomogeneous Subsets

Duncan[a,,b,,c] Umber

Location	N	Subset	
		1	2
VSKP	144	30.78	
VJW	140		31.06
GNT	139		31.10
Sig.		1.000	.744

Means for groups in homogeneous subsets are displayed.
Based on observed means.
The error term is Mean Square(Error) = 1.258.

a. Uses Harmonic Mean Sample Size = 140.967.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

c. Alpha = 0.05.

Store
Homogeneous Subsets

Duncan[a,,b,,c] Number

Store	N	Subset	
		1	2
SP	143	30.52	
BB	136	30.56	
RE	144		31.82
Sig.		.797	1.000

Means for groups in homogeneous subsets are displayed.
Based on observed means.
The error term is Mean Square(Error) = 1.258.

a. Uses Harmonic Mean Sample Size = 140.909.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

c. Alpha = 0.05.

Inference: Area of living has significant affect on the customers' preferences towards types of brand.H2 is rejected here.

DISCUSSION

Most of the respondents are frequent shoppers of consumer packaged goods (CPG). When it comes to choosing a particular brand, most of the respondents prefer familiar brands to unfamiliar ones. Personal-care items such as toothpaste, tooth brush, mouthwash, shampoo, conditioner, face and body lotion, talcum powder, cosmetics etc. are the mostly bought items under CPG. Home-care such as room freshener, floor cleaner, dishwasher, fabric cleaner, laundry solution etc. and Toiletries such as toilet cleaner, toilet freshener, tile cleaner etc. comes next. Attractive promotional offers pull the customers to a particular brand.
Interestingly, while a significant portion of them stick to a single brand in CPG, a considerable percentage of them are always open to new brands. While a majority of them are not loyal to brands, another significant amount of them are not store-loyal, either.
Modern retail stores are well preferred by most of the respondents for the reasons, they come with attractive offers, there are wide varieties of them, they have consistently good quality and there are always latest brands available in stores. While most of the customers have positive opinion on various

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aspects of a brand, only a few of them afford the prices of branded goods. This signifies that baring price, good number of respondents have positive opinion on other aspects of the various brands available in their favorite store.

SUGGESTIONS

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.

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