Executive Summary

It is necessary to know consumers’ needs and wants to deliver value to them in this highly competitive era. Consumer expectation/preference analysis is crucial in designing competitive strategies to counter competitors. Therefore, markets are always in need of relevant information regarding consumers and prevalent environmental trends. This study intends to help in formulating sustainable strategies to get competitive edge in the market.

Private Labels (PLs) products have become popular around the world. They are drawing attentions of practitioners and academics alike. Private labels are also becoming popular in India. Their market share is growing rapidly. The quality, designs, and styles gaps between private labels and national brands (NBs) are declining. Private labels have become major threats to national brands. Private labels are used as a valuable strategy to improve store image, popularity and loyalty. Negligible numbers of research studies have been conducted to explore the consumer behaviour towards private labels and national brands in India. Therefore, this study is intended to investigate the reasons of growing market share, consumer’s preference and store loyalty of private labels in comparison to national brands in the men’s apparels category. The apparel retail market consists of Men’s wear, Women’s wear, Infant wear, Unisex and Uniform. The men’s wear segment enjoys the highest market share in apparel category.

In organized retailing, private label products play an important role. Private labels are helping retailers to increase sales volumes which directly add to the bottom lines. Private labels’ growth does not mean that it is time to write an obituary for national brands. National brands are still alive, healthy and dominant. Like fashions trends, the consumers preferences are also changing speedily. The key to success is to differentiate and customize the products according to the competitive environment.

The present day shoppers are more segmented by culture, demographics, lifestyle, attitudes and psychographics. Leading multi-national retailers’ apparel brands are gaining continuous growth and profitability from huge market size in India. India is steadily becoming an alternative market to China and a number of other countries. In the post-quota era, large numbers of global retailers have chosen India for their sourcing requirements. Leading multi-national companies including Carrefour, Gap, JC Penney,
Levi Strauss, Marks & Spencer, Metro Group, Nike, Reebok, Target, Tesco, Tommy Hilfiger, Puma and Wal-Mart are sourcing from India.

Raymond’s, Peter England, Louis Philip, Van Huesen, Wills Lifestyle, Provogue, Turtle, Allen Solly, Sculler’s, Levis, Lee Cooper, Arrow, Charagh Din, Snow White, Pantaloon, Westside, Shopper’s Stop and Lifestyles etc. are the key players in the men’s category.

This study has used Howard-Sheth and AIDA Model as theoretical base to understand consumer buying behaviour. The study is revolving around “National Brand and Private Label men’s apparel category in the NCR region of Delhi”. The study focuses on understanding the factors which influence consumers’ buying decisions of national brands as well as private label in men’s apparel category. The retailers chosen for this study are Shoppers Stop, Pantaloons, Lifestyles and Westside.

The main objectives of the present study are:

1. To comprehend the present retailing scenario of private labels (PLs) and national brands (NBs) in men’s apparel category
2. To analyze the consumer’s preferential behavior and satisfaction derived thereof from PLs and NBs
3. To find-out the specific attributes on which consumers purchase both PLs and NBs
4. To examine the inter-relations amongst the PL brands, store image, and loyalty and
5. To measure the impact of externalities along with the demographic variables on consumer’s attitude towards PLs and NBs men’s apparel brand.

To explore the above objectives, the study proposed many hypotheses, which were tested after using the collecting the data. The results of the hypotheses testing allowed interpreting the results of data analysis and arriving at the conclusions.

(i) Ha1: There is a significant difference between the market share of national brands and private labels in men’s apparel category.

(ii) Ha2: There is a significant difference between the awareness of national brands and private labels in men’s apparel category.
(iii) Ha3: There is a significant difference in sources of influence on consumer
behaviour while choosing between national brands and private labels in men’s
apparel category.
(iv) Ha4: There is a strong association in the preference of retail store because of its
image and the preference of private labels in men’s apparel category.
(v) Ha5: There is a significant difference between consumer satisfaction attached to
private labels and national brands.
(vi) Ha6: The customers show significant difference in loyalty towards national
brands or private labels in men’s apparel category.
(vii) Ha7: There is a significant difference in satisfaction from private labels and
national brands in men’s apparel category due to various demographic variables
of consumers.

In consonance with its objectives, the present study has used an exploratory as well as
descriptive research design. The study has carried out an extensive research on both
primary and secondary level. This study involved both qualitative and quantitative
research. An in depth analysis of the collected information has been be carried out. This
study was conducted in NCR of Delhi. The focus of the study was leading apparel
retailers like Shoppers’ Stop, Pantaloons, Westside and Lifestyles. The secondary data
were collected through research papers, news dailies, magazines, journals, government
agency reports, industry sources and websites etc.

Over 600 respondents surveyed but the complete response had come only from about 500
respondents. The respondents were classified on basis of age, gender, marital status,
income level and type of profession. Pilot study was done and “Cronbach’s Alpha” was
calculated to ensure reliability and validity of the questionnaire. Primary data were
collected through a structured questionnaire. The major techniques used in this study
include:

- Chi-square for goodness-of-fit tests
- Cross-tabulations for testing the association between categorical variables like
  knowledge of private labels, preference of private labels vs. national brands with
  various demographic variables like gender, age, income, occupation, marital
  status, and monthly household income.
- Single-sample t-tests were used as the major hypotheses testing techniques for
  finding the significance of all scale variables individually.
- Paired sample t-test was used to test the hypotheses regarding the differences in perceptions for various attributes of private labels and national brands buying behaviour.

- Wilcoxon Signed rank test was used for such comparative analysis in the case of ranking data.

- Factor Analysis was used to reduce the dimensions in the case of preference behaviour. These factors were saved in the original data set through ‘save as variable’ option in SPSS.

- These new variables were used further in Discriminant Analysis. The new variables were the independent variables and the preference of private label or national brand was taken as the categorical dependent variable.

- A measure of overall satisfaction with private labels and national brands was calculated. ANOVA was used to find the association between this dependent variable and the various demographic variables as the categorical independent variables.

Through the secondary research it was found that the market size of private labels in apparel category is around 21 percent in India. The primary research also reinforced that the share of consumer spending on national brands is significantly higher than private labels.

Using the Howard-Sheth Model as the basis for the present study, it helped to capture and analyze various dimensions of consumer buying behaviour. Apart from the specific product attributes like quality, price, distinctiveness, service etc., the impact of exogenous variables like occasion, role of influencers, popularity of the store etc., were also considered in the study.

More than 65 percent of the respondents told that they bought more than 50 percent of national brands in total purchase of men’s apparels. National brands command a larger loyal customer base. However, one thing is clear that the present trend is favouring the growth of private labels. As per the study close to 85 percent of respondents were aware about private labels presence.

Around 67 percent of the respondents buy men’s apparel when they get discounts and offers. This demonstrates the value conscious nature of Indian customers. 31.9 percent
respondents named festivals as their preferred purchasing occasions. Significantly larger number of respondents preferred either formal as the main category or casual apparel segment as the second preferred category. Low preference for sports and negligible preference for ethnic wear in this segment was identified. The formal and casual, together, seem to reveal the maximum opportunity for selling men’s apparels.

Friends / relatives came out to be the biggest source of information about men’s apparel (47.2 percent) followed by internet (45.2 percent). Newspapers had 37.7 percent response and television had 21.2 percent. Magazines had 14.1 percent response. The word of mouth has the biggest impact on men’s apparel choice. The internet is becoming a key sources for information.

Shoppers’ Stop with 46.4 percent responses came out to be the number one choice of customers for men’s apparels followed by Lifestyle with 37.5 percent. Pantaloons had 34.3% responses and Westside had 21.2 percent. This demonstrates the relative positions of the four major competitor chains in this category.

The respondents gave their views on attributes that impact their choice of the apparel retailing store. The attributes, which came out to be significantly high on importance for store image are convenient location, latest selection, high quality of products, value for money, and good customer service. The attribute of friendly sales persons and atmospherics has secondary importance while attractive display emerged as significantly less important in building the store image. The last one is a surprising conclusion, because retailers attach so much importance and invest very heavily in product displays and visual merchandizing.

It may be concluded that the customers in National Capital Region are more concerned about aspects which benefit them directly like price, service, variety etc. They are not motivated by attractive displays so much because they are only aesthetic appeals. It was found that Shoppers’ Stop with 39.7 percent and Pantaloons with 35.3 percent responses came out to be the top 2 store choices whose private labels are preferred by the customers. Lifestyle had 30.4 percent and Westside had 20.8 percent preference share.

It was found that there was a significantly larger preference for national brands, which was expressed by the respondents. Through cross-tabulations, it was established that there
is a significantly less association between knowledge and preference of private labels. The private labels have moved beyond the awareness stage of AIDA but the stores need to do more communication in building interest and desire towards their private labels in the minds of customers.

It can be safely concluded from the study that the “brand itself” followed by family and friends were the major influencers in the choice of private labels. Brand image had 52.9 percent and friends / family members had about 17 percent responses each for this question. Brand-itself followed by family and friends were also the major influencers in the choice of national brands. The two variables which demonstrate a significant difference in the role of influencers, are – brand itself and product reviews. In both of these cases, the influence of brand itself and the product review is significantly larger in influencing people to buy the national brands.

The study identified six attributes, which came out to be very high in importance for inducing preference for national brands – quality, price, variety, brand image, service and durability. Three other attributes also had a secondary importance viz. store image, social recognition and distinctiveness. Three attributes, which were significantly less important, according to this study are – packaging, convenience, and promotion.

The study concludes that there is significant difference in seven attributes in influencing the preference towards private labels and national brands viz. quality, price, packaging, brand image, durability, social recognition and distinctiveness. Out of these seven, only one attribute - price is coming out to be significantly more important for preference of private labels while rest six attributes are coming out to be significantly more important for national brands. Variety and service are equally ‘very important’ in both the categories, store image is equally ‘important’ while convenience and promotion are equally ‘not important’ for both the categories.

With the use of “Factor Analysis and Discriminant Analysis” techniques, a predictive model was established. Based on Howard-Sheth model, the study moved from search and preference (elements of perceptual construct) to intention and satisfaction (elements of learning construct). The results were drawn that the respondents are highly satisfied with quality and value for money for private labels while they are significantly less satisfied
with product performance, product attributes and service. This throws light on the areas of improvement which should be looked at by the retailers selling private labels.

The study identified that the respondents are highly satisfied with quality, value for money, product performance and product attributes for national brands but they are significantly less satisfied with service.

The service dimension is an important opportunity for the private labels to exploit. Out of the five attributes mentioned, there is a considerable difference between private labels and national brands in four viz. quality, product performance, product attributes and service. In all of them, their role in satisfaction generation is higher in national brands. There is no difference in value for money attribute and it is equally important for generating satisfaction in both private labels and national brands.

There is an image problem with the private labels and the retailers need to improve the product quality as well as communicate the same to the market. Quite clearly, private labels are generating repurchases only on the basis of prices and the retailers need to do a lot more to build up any kind of loyalty in private labels. The loyalty for national brands rests on stronger grounds while private labels are being purchased only for their low price attractions and are more prone to deal based switching behaviour.

The study concludes that there is no association between gender of the customer and preference of either category of men’s apparels. The study found that there is no association between age of the customer and preference of any category of men’s apparels. It was also found that there is no association between education of the customer and preference of any category of men’s apparels. Similarly, it was found that there is no association between customer’s occupation/ profession and preference of any men’s apparel’s category. Finally, the study also found no association between income level of the customer and preference of any category of men’s apparels. Thus, a very surprising aspect has been found in this study that none of the major demographic variables have any significant association with the preference of the customer towards either private labels or national brands in men’s apparel categories.
The recommendations are that the retailers need to move deeper from simple demographic analysis and get into psychographic plus behavioural segmentation study to identify right target groups for their brands.

It was thought important to measure the impact of the demographic variables on consumer’s satisfaction from PLs and NBs in men’s apparels. The data obtained from the responses on satisfaction construct variables was clubbed and averaged to get the mean overall satisfaction rating for private labels as well as national brands for each respondent. This overall satisfaction with any category of men’s apparel was taken as the dependent variable and individually each demographic variable was taken as independent variable and a series of ANOVA tests were conducted to identify the association between independent and dependent variables.

The satisfaction in either private labels or national brands showed no association with age, education, income and marital status. As far as gender is concerned, male respondents showed a greater satisfaction towards private labels, which is understandable.

As far as income level goes, it was found that satisfaction with national brands has a significant association with income levels. This difference is between the satisfaction perceptions of up to Rs 20000 per month and 41000 and above per month income segments. The higher income group has expressed more satisfaction with national brands.

Below Rs. 20,000 per month earning male customers may be the right target group for private label marketers. However this targeting strategy must be consistent with the overall targeting strategy for the retail store. Based on the result and analysis of this study, the model (MACDM) is proposed. It has been named as Men’s Apparel Choice Discrimination Model (MACDM).

Limitations of this study are related to the level of scales, the time period and the scope of the study. This analysis is restricted only to men’s apparel category. Further research is required to examine the relationships across various product categories to analyze the present results.

Private labels need to introduce innovative products regularly. The expansion of retail chain is manta for the growth momentum. National brands manufacturers need to change
their positioning strategies. They should reposition their brands consistently to counter the increasing competition from private labels brands. They need to bring deep variety of quality product mix and carry out inventive sales promotion schemes to counter private label brands. National brands manufacturers need to support key retailers with high margins and sales promotion schemes.

Demands for occasion specific suits are high. Retailers should introduce private label collections for weddings, parties, receptions, etc. The market was found to be very price sensitive and, therefore, the product pricing should be at par with competitors. Collections are to be developed keeping in mind the Indian taste as the purchase seasons are dominated by festivities and occasions perhaps unlike western nations.

This is high time to create a positive image of private labels brands for the customers which will lead to stronger brand loyalty. The retailers have greater freedom with pricing strategy to create their own marketing plans. The promotions and sales schemes should be private labels centric. Reduce dependence on core brand names for sales. The private labels needs to be promoted as reliable as national brands. Print and digital media are the best media vehicles for promotions. Social network sites are the places where customers get awareness about latest brands. Higher visibility in social media, e-commerce sites with proper visual merchandising can immensely increase the awareness and recall of the private label brands. Retailers must strive to reduce consumer perceived risk usually associated with private labels quality. They need to adopt suitable consistent positioning for private labels (store brands) quality. Private labels manufactures must sustain the trust they have gained about private labels’ quality in the consumer’s mind for longer period of time.