Chapter 7

Conclusion & Managerial Implications
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7.1 Conclusions

In this chapter conclusions are made based on all the earlier phases of data analysis. Managerial implications are drawn upon from these various conclusions. The chapter ends with directions for future research.

Private labels have come a long way, from being referred to as cheap store brands to being reflected as reasonable and customer-friendly products today. Private labels in fact enjoy more attention as they are celebrated as being value conscious products, which give the best quality in the most economic price. However, given the benefits to both retailers as well as customers, the private label bandwagon still needs to penetrate deeper into organised retailing. Moreover, the consumers being the kings of the market, their perceptions on private labels need to be studied so as to provide an insight on the future of the same. This study focuses on the consumers perceptions about private labels in the apparel sector, especially in Gujarat. For this purpose, three major cities of Gujarat, namely, Ahmedabad, Baroda and Surat were chosen and customers from four major retail outlets, namely, Pantaloons, Westside, Big Bazaar and Globus were studied. Questionnaires were filled up by 656 consumers through the mall intercept method and data analysis was done on complete questionnaires of 608 respondents.

Several findings emerged from the study, of which the salient ones are mentioned below. The major factors influencing consumer perceptions related to private labels are Proximity, Private Brand Loyalty, Risk Aversion, Serviceability and Corporate Image in addition to Price and Quality dimensions. The major factors influencing price dimensions related to private labels are Value Maximization, Sale Proneness, Price Consciousness, Price Mavenism, and Prestige Sensitivity. Consumers give more importance to intrinsic cues as compared to extrinsic cues pertaining to quality dimensions in private label apparels. There is a moderate positive correlation between the price and quality indicators in case of private labels in apparels. Private Label Consumers can be grouped into four categories namely Quality Conscious Shoppers, High Expectation Seekers, Apathetic Shoppers and Impression Oriented Shoppers. Overall, it is observed that quality plays the most important role as far as consumer
perceptions are concerned. Infact, majority consumers were more quality conscious than price sensitive, which becomes an important learning for the retailers.

Some recommendations could be given on the basis of findings such as retailers need to ensure that the private label apparels are identified with by the consumers, these are always available so that consumers do not postpone their purchase, retain the good impression that private labels carry, provide improved service at all times and maintain a good corporate image. Further, they need to price the private label such that the value for money is ensured and it is the best price for the given quality level. Hence, as forecasted by Nirmalya Kumar in his book Private Label Strategy, the future of private labels is bright.

7.2 Managerial Implications

7.2.1 To Retailers in general:

In addition to the well-established factors like price and quality, some other factors also play an important role in consumers’ perceptions about private labels, which need to be paid attention to by the retailers, namely, Proximity, Private Brand Loyalty, Risk Aversion, Serviceability and Corporate Image.

Retailers need to ensure that the private label apparels are identified with by the consumers, these are always available so that consumers do not postpone their purchase, retain the good impression that private labels carry, provide improved service at all times and maintain a good corporate image.

For better serving the middle-class customers (monthly income less than 35000), private labels should be kept simple and designed such that these customers can identify with these apparels. Moreover, since this income bracket consumers are more brand loyal and perceive store brands as a safe option; they become an important category to be served by the retailers.

In contrast to the abovementioned point, the wealthier customers are the least brand loyal towards private labels; however, their perceptions are driven by corporate image. Hence, maintaining a good mix of store and national brands would help get more sales from this class of consumers.
While serving male consumers, retailers need to be more emphatic on price related criteria. However, retailers need to ensure consistent quality products when catering to both the genders.

While pricing the private label apparels, the factors which influence the consumers’ perceptions need to be considered, viz., Value Maximization, Sale Proneness, Price Consciousness, Price Mavenism, and Prestige Sensitivity.

So, the prices should be such that they give value for money and are relatively lower to national brands.

It has been found that consumers in the present lay more emphasis on the intrinsic cues of quality like the product ingredients and the texture rather than the extrinsic cues like packaging, price, brand name, etc. Thus, the retailers should also align their quality acceptance procedures to this finding.

Since consumers correlate price and quality, given the low price of the private label apparels, best quality in that price slab should be provided.

Private Label Consumers can be grouped into four categories namely Quality Conscious Shoppers, High Expectation Seekers, Apathetic Shoppers and Impression Oriented Shoppers. Almost 66% consumers belonged to the category of Quality Conscious shoppers and Impression oriented shoppers. Also, the frequency of purchasing of Impression oriented shoppers is high as they shop once every month. Hence, both these groups of customers are important for retailers.

To cater to these groups, retailers need to ensure that they consistently provide quality products and improve on it, and at the same time maintain a good store and brand image.

As far as High expectation shoppers are concerned which consist of nearly 26% of the consumers, they are difficult to handle as their requirements are varied and they pay attention to every detail. The best way to handle such customers is to give utmost respect; and go right to the point.
Based on the rank preferences of the customers, retailers need to ensure good quality followed by comfort level of the customers related to design and fitting. Then, factors such as price, brand name and store name come into play.

7.2.2 To Retail Stores (Pantaloons, Westside, Big Bazaar and Globus) under study:

Most shoppers from Pantaloons spent on an average Rs. 1000 after private label apparels, while the same for Westside and Big Bazaar ranges in the bracket of Rs. 700 – 1000. This could be because of many reasons like the latter stores stock relatively lower priced products or they do not enjoy the same image as that of the former. Hence, further analysis on this topic can be done.

Majority of Quality Conscious shoppers (46.1%) shop from Westside followed by Globus (38%). Hence, the other stores still have room for improving the quality of their private label apparels. More emphasis should be laid on the ingredients and texture of the products while checking for quality.

Majority of Impression oriented shoppers shop from Big Bazaar. So, the other stores should also build and communicate their refined store image and brand image to this category of consumers who are young in age and image conscious. This can be done by keeping a good mix of store brands and national brands.

Majority of High Expectation Seekers (36.1%) shop from Pantaloons. Again, this is a difficult but an important segment to cater to, and the rest of the stores can try to satisfy this segment of customers who mainly consist of mature adults by improving their service quality and customer relationship.

Majority of people belonging to the service sector (35.9%) as well as businessmen (40.3%) prefer to shop from Pantaloons whereas majority of housewives (43.8%) shop from Big Bazaar. This in part may also be influenced because of their promotion strategy or because Pantaloons is a departmental store while Big Bazaar is a hyper market. However, the positioning can be modified to target the other segment of customers also.
7.3 Further Research

It is hoped that the foregoing discussion might provide the stimulus for new research in problems involving store brands. It would be interesting to investigate which factors influence consumer choice between store and NBs, and the notion of brand loyalty towards the store and PLB. Structural Equation Modelling can be used for the same. With respect to directions for further research, an important step would be to extend the analysis to multiple categories to formalize the conjecture that the impact of store brands would be greater than the sum of the brands' effects for any individual category. It is possible that future studies can use a more objective measure of purchase such as actual spending or number of store brand items purchased.

Future research should focus on replicating this study with a different target respondent. A large survey of consumers of various backgrounds in various geographic areas could help to make the findings of this study more generalizable to the overall population. In addition, replicating the study using a different store format (e.g. department store, hypermarket or supermarket) would contribute to generalizability across various retail categories. Future research should also exploit the capabilities of new technologies that have revolutionised data collection. As regards survey research, the availability of CATI systems makes sampling of vast consumer populations a practical alternative to small convenience samples and enhances lends credibility of survey research on important marketing problems, including demand for store brands.

The study could be extended and conducted in other parts of the country so that the findings may be more useful. The academic community would benefit from the results of cross-national studies because the development of retailing sectors in each country conditions consumer behaviour toward SBs. In addition, it would be interesting to study potential differences among consumers of diverse geographical areas, with regard to their response to price changes.

Finally, this store brand strategy has serious implications for national brand manufacturers, because it increases the power of the retailer. Therefore, it may be worthwhile to investigate ways the manufacturers can limit the potential impact of this strategy on their profitability.