

Determinants of consumer Preference towards Branded and Unbranded products

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ABSTRACT

Economic, liberations, globalization, trends in ICT, converting demographics, emergence of ladies' energy, and rising middle elegance have brought about greater disposable earning in both urban and rural India. Spending patterns have modified from being frugal to indulgence. Discretionary incomes are going into televisions, wheelers, cars, mobiles, and so forth. The sale of branded products has increased significantly, where unbranded PCs are still found in many houses. While middle class consider the unbranded PC make suppliers as their friendly neighborhood. Who offered personalized support services.

People buy branded bath soaps; they do not mind buying local or unbranded soaps. This study-based research on field as well as desktop analysis of available literature was done on customer preference for brand and unbranded products. This study will also help in brand strategy and positioning in rural areas where there is a pronounced tilt toward local or unbranded products. The challenge before the manufacture is to check whether consumers purchase products or brands.

Keywords: Brand Equity, Brand Awareness, Brand Positioning, Brand Loyalty, Retail Market, Consumer Behavior.

INTRODUCTION

The rapid evolution of communication and mobile technology has resulted in seamless flow of information across all consumer segments. This together with the progressive liberalization of the Indian economy has brought fundamental shifts in Indian consumer behavior. They are a lot more discriminatory in their choice of products and services and preferences. Their spending habits have changed and they do not mind splurging. While they are brand conscious, they continue to buy non branded products. The challenge for the marketers today is creating brand awareness, brand building and positioning. Branding helps establish company's strategy. Successful brands provide competitive advantage in terms of brand loyalty and brand extensions. The vast Indian consumer market covering the rural and urban areas is heterogeneous where both branded and unbranded products co-exist. Creating Brand equity is a critical success factor in today's competitive market. Successful brands provide competitive advantage in terms of brand loyalty and brand extensions. This study based on field study and published research and literature on the subject aims to fathom the trend and consumer preferences to branded and unbranded products and services.

Entry of foreign brands has intensified the brand war. The young work force is brand conscious and has no qualms in shifting to newer brands. They are more demanding and choosy on the basis of extrinsic features and intrinsic values. FMCG market comprising of the large number of low-priced daily use non-durable products fall prey to the unpredictable behavior of the youth population whose brand loyalty changes with their moods. While some brands like blue lagoon, apache, etc. failed, many like Cadbury's, Maruti, Amul, Lux could withstand competition for long periods of

time due to innovations sustaining customer attention and loyalty.

REVIEW OF LITERATURE

The American Marketing Association (AMA) defines brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors." Kotler (2000) defined brand as "the name, associated with one or more items in the product line that is used to identify the source of character of the item(s)". According to Davis and Dunn (2002) focusing on the latest and greatest advertising campaign meant focusing on the brand. It was always referred to as a series of tactics and never like strategy.

According to Cobb-Walgreen et al. (1995), high brand equity levels lead to higher consumer preferences and purchase intentions. Farquhar (1989) concludes that high brand equity enables successful extensions, resilience against competitors' promotional pressures, and creates entry barriers to competitors. Cunningham (1956) in his study on brand loyalty and store loyalty attempted to find out whether the consumers who are brand loyal are also store loyal. Shopping proneness is another characteristic that has been related to brand loyalty. According to Goldman A. (1976) consumers with relatively lower income do not indulge in extensive shopping as their means are limited. They also make less use of the shopping available.

The available literature and research reveal that brand preference and loyalty is the interplay of factors including emotional and psychological ones. The reviews highlight

that in a dynamically changing world, organizations would need to do research on consumer behavior in a continuous basis more so at granular level to perceive the small imperceptible changes at the incipient stage. In India the pitch is further queered because the urban and rural markets are extremely different and in both the markets people continue to indulge in non-branded or local products.

RESEARCH GAP

Research in huge number has been done to know about awareness and customer preference of branded products but we can find very less research in terms of unbranded products. This study has been mainly focused to know about awareness level of customers about unbranded products and to grasp the factors which motivates customers to purchase unbranded products.

RESEARCH OBJECTIVES

1. Determinants for customer preferences for branded and unbranded products from primary data analysis.
2. Strategies and Conclusions based on primary data and secondary published literature and research studies.

SCOPE OF THE STUDY

Kotler (2000) says branding is “a major issue in product strategy.” Even after two decades of economic liberalization and entry of many foreign brands in India, unbranded products continue to compete with the branded ones. This research study examines the consumer behavior towards unbranded products in the midst of the paradigm changes taking place in the Indian economy.

RESEARCH METHODOLOGY

Sample population:

This study examines the consumer behavior towards branded and unbranded products and services and retailers’ perception of the same with the help of a field survey using structured questionnaire.

Sample size:

The sample size consisted of 41 respondents on a random sample basis.

Statistical tools:

To meet the objectives, simple techniques like frequency counts and percentages were used for data analysis. Data and information were gathered from primary source by means of field survey using structured questionnaires containing dichotomous and multiple-choice questions covering retail consumers on random sample basis and from secondary published sources.

The consumers were interviewed at their homes and offices and on shop floors. Secondary sources included books, journals, newspapers, websites, and research studies.

Limitations:

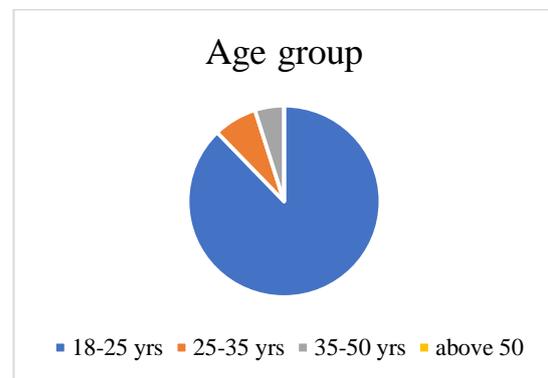
The small sample size and sample design are limitations of this Study. The cost and time constraints are also limitations of this study. So, the generalization of conclusions of the

study may not have universal applicability. But the findings give empirical inputs for a larger study across different market segments.

Data analysis and observations

A critical qualitative analysis of the data and information were made keeping the objectives of the study in mind. The collected primary data were classified, tabulated and analyzed using statistical techniques. Analytical tools like percentage, graphs and pie-charts were used for analysis and interpretation.

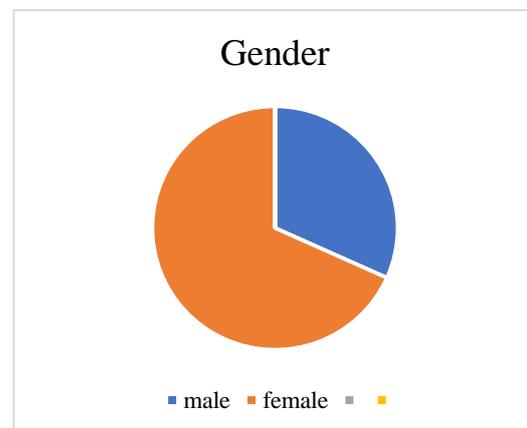
1. Classification of the Age group of the Respondents



Interpretation:

Age-wise distribution of the respondents is given in Table and Fig. 87.80% of respondents were in the age group of 18 to 25 years, 7.32% in the age group of 25 to 35 years; 4.88% belonged to the 35 to 50 years age group and the remaining belonged to the group above 50 years. The sample design is thus fairly wide-spread across all age groups

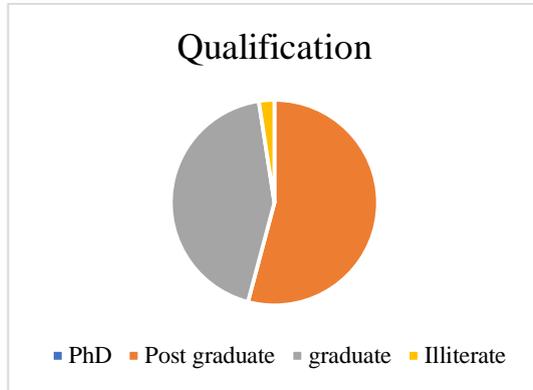
2. Classification of the Gender of the Respondents



Interpretation:

The above table shows respondents comprised of - 31.71% males and 68.29% females.

3. Classification of the Respondents on the basis of Education qualification



Interpretation:

Distribution of sample respondents' Educational Qualification is given in Table and Fig. While 0% of respondents were PhD, 53.66% were postgraduates, 43.90% were Graduates and the remaining 2.44% of Illiterates.

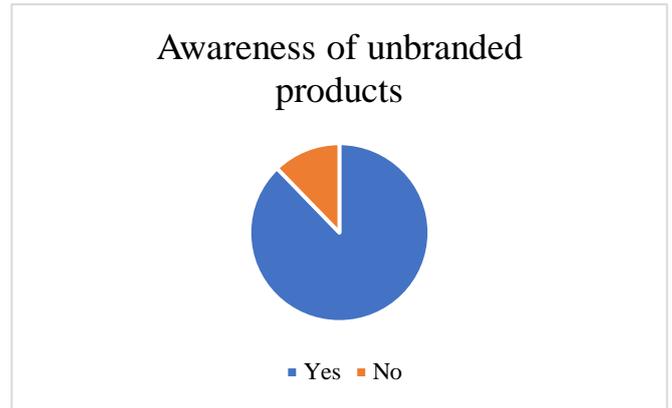
4. Preference of the Respondents in terms of Product.



Interpretation:

36.59% of the respondents prefer to buy branded products, 0% of the respondents prefer to buy unbranded products while 63.41% prefer both branded and unbranded products.

5. Awareness Level of the Respondents about unbranded products



Interpretation:

The above table depicts 87.80% of respondents aware of unbranded products while 12.20% do not have information regarding unbranded products.

6. Purchasing Experience of unbranded products



Interpretation:

87% of respondents purchase unbranded products while 12.20% do not. Not meeting the high expectations of the customers from branded products could be reason for consumers continuing to buy unbranded products.

7. Motivating Factors behind Purchasing of unbranded products?



Interpretation:

Motivating factors for purchasing unbranded products are given in Table and fig. Among the respondents, the primary reason for purchase of unbranded products is price (34.15%), availability (9.76%), Quality (9.76%), suggested by others (4.88%) followed by all the above (41.46%).

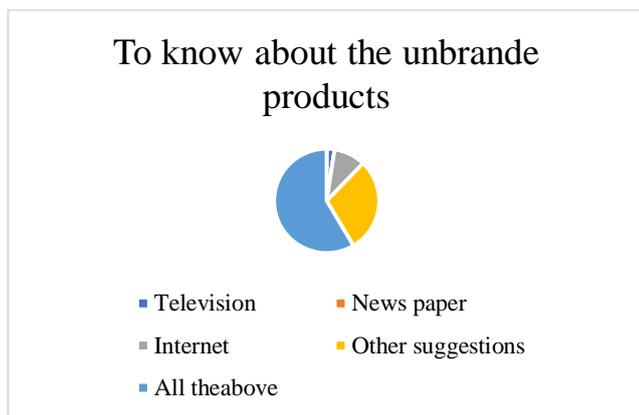
8. Motivating Factors behind Purchasing of branded products



Interpretation:

Motivating factors for purchasing branded products are given in Table and fig. Among the respondents, the primary reason for purchase of unbranded products is price (4.88%), availability (0%), Quality (60.98%), suggested by others (2.44%) followed by all the above (31.71%).

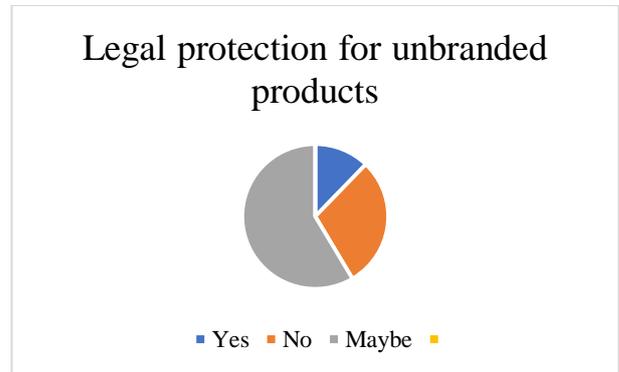
9. Source of Information about unbranded products



Interpretation:

Customers get information about the unbranded products from multiple sources. While television (2.44%), newspapers (0%), internet (9.76%), other suggestions (29.27%) followed by all the above (58.54%).

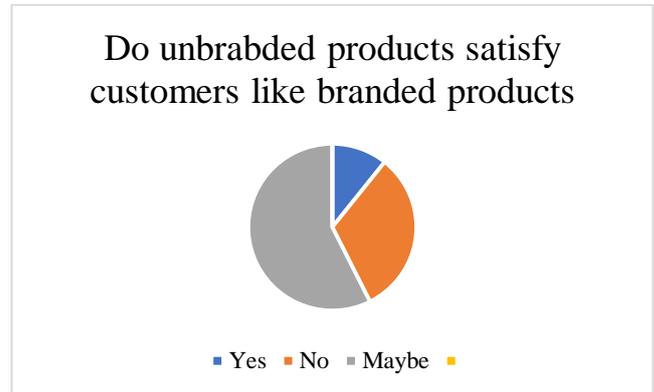
10. Awareness of Respondents regarding legal protection for unbranded products?



Interpretation:

From Table and Fig, it can be seen that 12.20% of the respondents are yes, 29.27% of respondents are no to legal protection to unbranded products with the remaining 58.54% remaining neutral.

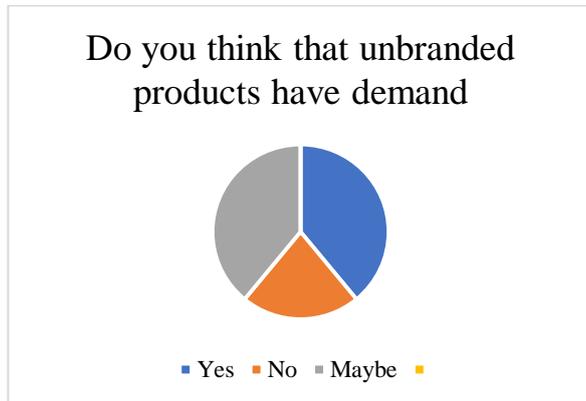
11. Satisfaction of Customers with Unbranded Products Compare to branded



Interpretation:

It is interesting to note that while 31.71% of the respondents stated that unbranded products satisfy their expectations, 24.39% of the respondents stated that unbranded products not satisfy their expectations and 43.90% were neutral.

12. Level of Demand of Unbranded Products



Interpretation:

It is interesting to note that while 39.02% of the respondents stated that unbranded products have demand, 21.95% of the respondents stated that unbranded products don't have demand and 39.02% were neutral.

Managerial Implications

This study can be helpful for the retailer who is selling unbranded products to tap the customer from the different sphere of market. Marketer can use this research to know about the source of information of the customers before taking purchase decision of the products. The research of this nature would help in brand strategy and positioning especially in the vast expanding rural areas where there is pronounced tilt towards local or unbranded products.

Conclusion

Indian retail market is a great paradox where branded and unbranded products co-exist. Even shops in organized sector stock and sell unbranded products. While the Indian consumers are becoming brand aware and there are discerning shifts towards branded products, the demand for unbranded products and services are still significant. Indian consumers are still steeply ingrained in tradition and use traditional products and practices. Retailers, to withstand competition and sustain their bottom-line, peddle both branded and unbranded products on their shop floors to increase turnover and customer base. Consumers being price sensitive sometimes do not mind compromising on quality. This can become more pronounced during times of inflation.

Indian consumers are maturing and retailers find it increasingly difficult to influence their purchase decisions merely with promotional offers. They would need to innovate. Retaining customers has become a challenge due to lifestyle changes, needs and values. Young customers are more demanding and do not mind experimenting and changing to new brands. Retailers therefore have to adopt a mix of marketing and promotional strategies leveraging available technology to withstand competition.

SCOPE FOR FURTHER RESEARCH

The findings and conclusions of the study provide an experiential insight into consumer behavior in an economy that is in the midst of an upswing. Further the changing demography, socio-economic shifts and upwardly mobile younger generation with shifts in older generation attitude and thinking and behavior as well signifies the importance of studies such as this to throw up the unexplained and unexplored aspects of consumer behavior. Pan India research using SPSS and better statistical and sampling techniques would definitely help further understand the psyche of the Indian consumers who are maturing and becoming increasingly brand conscious. Consternations in the Indian market and the ripple effect of changes across the globe and entry of global brands in to India are reasons enough for further scope for detailed studies into various aspects of behavior of Indian consumers. The challenge before the manufacturers and marketers is making consumers purchase brands instead of products. Their key task is to convert consumer preference and loyalty towards brands.

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