Consumer perceptions and attitude towards own label brands being sold by <u>Modern Retail chains</u>: Special focus on Metro Cash & <u>Carry</u>

BAHRIA UNIVERSITY ISLAMABAD

Final Research Project

<u>SUPERVISED BY</u>

Mudassar Nazar

<u>**SUBMITTED BY**</u>

Agha Sibtain Ali	**01-120091-006**
Maryam Pervez	**01-120091-037**
Taseer Ali	**01-120092-060**
Mohammad Ali	**01-220082-039**

MBA Batch: 2009-2011

Department of Management Sciences

Bahria Institute of Management and Computer Sciences, Islamabad

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Names of Student(s):   **Enrollment #**

    Agha Sibtain Ali   01-120091-006

    Maryam Pervez   01-120091-037

    Taseer Ali   01-120092-060

    Mohammad Ali   01-220082-039

Class: MBA

Approved by:

_____

Mudassar Nazar
Project Supervisor

_____

Junaid Tariq
Internal Examiner

_____

Aqeel Israr
External Examiner

_____

Kashif Ahmed
Research Coordinator

_____

Salma Atif Shaikh
Head of Department
Management Sciences

STATEMENT OF AUTHENTICITY/DECLARATION

This research has been accomplished with the help of others who contributed opinions, views, corrections and criticisms. Apart from these, and the references acknowledged, the work is original and we are responsible to the full extent.

We wish also to declare that the text has never been presented elsewhere for a purpose similar to the one it is currently presented.

September 2011

_____   _____

Agha Sibtain Ali   **Maryam Pervez**

01-120091-006   01-120091-037

_____   _____

Taseer Ali   **Mohammad Ali**

01-120092-060   01-220082-039

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DEDICATION

We dedicate this project to our highly revered and dear teacher Sir Ijlal Haider who will forever be a source of inspiration for us in our lives ahead and who opened up and shaped our thought process in a way that creativity can thrive and flourish.

ABSTRACT

The project is based upon modern retailing trends and techniques with special focus on consumer perceptions and its effects on their buying behavior especially of private labels. The chosen retail outlet is metro cash n carry along with other smaller retail outlets in Islamabad. Private labels are an emerging trend in many countries of the world. Although previously viewed as low in quality, private labels by established and well reputed retail outlets are of good quality as compared to their branded counterparts and are lower in price. Price is an important factor that affects consumer buying behavior and buying decision along with quality of the product. Since private labels are emerging as high quality products with a lower price, they are going to give their branded counterparts a run for their money.

In Pakistan, the concept of modern retailing is comparatively new. Although many super markets and retail outlets are now springing up everywhere. But none are comparable to International giants like Tesco, Wal-mart etc. More recently, Metro Cash and Carry has broken into the retail business in Pakistan and is a trend setter in that it is the only retail outlet that deals with bulk-purchase customers. It is operating on a huge scale and is turning around retailing trends in Pakistan.

Metro Cash & Carry has launched its private labels as low priced items and for now, they aren't very high in quality. But this phenomenon is changing. The project focuses on whether consumers would opt for these private labels or not and how are perceptions of the consumers going to change their buying behavior. Although a large population of US and UK are opting for Private Labels since they are aware of the benefits that it can provide but in the local market, the scenario is different for which it is being investigated.

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1 CHAPTER: INTRODUCTION

1.1 Overview

Own-brands are brand names used by corporations such as retail chains for the products that are not produced by their own facilities, but instead are a result of intense and well-coordinated supply chains and sold in the market under the name of the retail chain or the company and not under the name of the suppliers (Nordas, Grosso, & Pinali, 2008). Quality was a big issue when it came to own brands but as time passed, and the consumption of such brands increased world over, the sophistication in the quality was a direct resultant. The global market has developed such areas where the consumers have a specialized preference of private labels over name brands and this preference is normally witnessed in daily consumption items and FMCG's. Price and quality has always been the primary indicators of how the customers perceive a product and how they develop a buying decision of such products. This criterion has translated into business intelligence of such corporations to provide a wide area of perspective for their normal business decisions. (Guillotreau, 2003). If we draft out the distribution channel, retailers are last link which connect to the consumers directly and producers at the other end. Since they have a key position in the chain, producers hold them accountable for the products being sold out by them on a global and local level. When it comes to major retail chains, the corporate social responsibility, sustainability in the market and environmental impact raises concerns, so retailers need to remain sensitive to such concerns. Policies which are formulated under corporate

social responsibility reforms are normally represented through labels on Private labels and can build repute and boost market share (OCED, 2010).

Private labels single handedly improve the relationship between the suppliers and the retailers on the basis that the products of the suppliers are sold out to the consumers on a wide retailing network through contractual reforms and the ability of the retailer to negotiate the terms of sale on behalf of the consumers and the suppliers as well. This mutually beneficial relationship renders profitability to the business set up of the retailer and the supplier, while being highly economical for the consumer. Under these contractual terms, the suppliers provide the merchandise to the retailers and enable them to diversify the product line under a strict array of standards set internally by the retailers (Nelson & Cooper, 2003). This implies that contracts depend on the retailer's standards and the capacity of the supplier to accommodate to these standards. Retailers no longer rely on Hobson's choice given by the suppliers but in fact place a requirement on the quality and standard they want to be supplied with, which in turn comes from the consumers and the retailers' promise to the consumer. As it discussed earlier, that retailers are the joining link to the consumers and the producers or suppliers. This poses a great deal of responsibility over the retail chain under question and thereby committing them to negotiate for their terms of supply. Due to the considerable size of investment in the field, the reputation of such retail chains are at stake and the aforementioned practice is prevalent in the market due to the fact that large retail chains are very sensitive to their status in the market, so the suppliers are provided with conditions which are in other words a necessity for these retail chains.

Bargaining power of the retailers implies that the suppliers are to bear the cost of meeting standards, which potentially is quite high (Nordas, Grosso, & Pinali, 2008). Internationally, the price of such private brands is approximately 31% lower in average when compared with products promoted by name brands. However, the gross profit margin on private-labels averaged 35% in the year 2000, compared to approx 25% for branded goods; generally, the retail chains enhance the relationship positively if the quality of the delivered products is higher ultimately resulting in the higher quality of own-brands. In such cases, the retailer takes responsibility for entire supply chain, including product innovation and marketing (OCED, 2010). The collective contribution of private-labels in 36 countries summed to 15% of total super market sales for the year 2003, which further grew to 17% in 2005. In countries such as France, this figure is around 25% while in Switzerland it is around 50% (Nordas, Grosso, & Pinali, 2008).

In Pakistan, the local market has been exposed to Modern retailing and has been offering private label brands as a suitable product offering to the masses. Initially the total urban population of 6.8 million among 50 million was estimated to be the primary customers of modern stores in 2002, comprising of high-end and middle class consumers. It was projected to grow to 17 million people in 2010, which would be making considerable purchases from these modern retail stores (Ghani, 2005). Primarily this segment was making purchases from the traditional 'kiryana' stores but the mental map suggested that this segment will formulate as the major customer base of modern retail stores.

1.2 Problem Statement

Metro has been one of the primary modern retailers stepping in the local market of Pakistan and despite the traditional stronghold of small retail shops and street markets in retailing; it has stood its ground and has been focusing on attracting new customers. Metro has stood up to its reputation and has not compromised its corporate standard procedures to penetrate the market. In Pakistan, there was always a need of superstores where a wide variety of products were present under one roof. Metro established itself as a retail wholesaler where a large portion of the city businesses such as restaurants, hotels, small retailers and other businesses get there supplies from both food and non-food categories. In Pakistan, as opposed to Europe, Metro has not direct competitors except for a few small retail supermarkets but has been competing against street markets and small retail stores and the concept of modern retail has yet to be propagated in the urban masses. Metro has been able to set up its specific set of products at the local store as private labels and in-house packed products but has been unable to market them as high quality, cost beneficial consumption items. Metro has launched a variety of products as its private labels in the international market but in the local market, the range of private labels is limited. While a large population of the world is focusing on buying products marketed under Private labels, Pakistan's market still remains partially untapped and a large portion of the market is still unaware of the benefits that can be obtained through the purchases of private labels.

Metro is an international player and a division of Metro AG, which is the third largest retailer in the world (Deloitte,

2010) but in the local market; it is gaining a competitive advantage against a number of competitors which include small retailers, generic products, mini superstores and street markets where the retailing business lacks the attainment of economies of scale.

As Metro competes in the market, the consumer's perceptions (Brunswick, 1937) and attitude towards own/private-label brands might dramatically change as well. This research aims to find out "what are the issues that influence consumer's perceptions and attitude towards own label brands being sold by Metro and other superstores, in Pakistan?"

1.3 Significance of this Research

The idea that governs this research is to initiate a social understanding of how consumers react in a natural habitat towards these retail chains. There are certain social cues that primarily affect the behavior of consumers in this part of the world. It is imperative to create an understanding of how different organizations act in a specific market situation where they have to be sustainable in the market as well as cater to the aforementioned social cues in order to be profitable.

The market can be portrayed as a living organism with its ability to act like an organic being. It is complex and diverse in its behavior and this diversity is a result of the participants' behavior which comprises the market itself. The consumers and the producer along with the retailers and suppliers have a certain area where they have partial and complete control as in a spectrum. There are economic factors, consumer traits, supply and demand rules which create versatility and dynamicity in a market (Magalhães, 2004). The

research is designed in order to explore different areas which can be tapped for the collection of the information imperative for the formulation of a valid inference. The analysis of different categories of the information will be made which is particularly related to the research directly. The statistical information gathered from the market will be of ultimate importance since it will enable the researcher to validate and test different hypotheses. In addition, it will pose different questions which can provide a very valid ground for future references and possibly help in the extension of knowledge in this specific field pertaining to this side of global market.

The research is directed towards gathering consumer perceptions (Brunswick, 1937) in relation to private labels which are sold by retail chains. These private labels are a major source of profitability in these organizations and this strategy can keep generating revenues for the organization for a longer period of time since extra expenses which are incurred in name brands are absent such as advertising. This not only reduces the cost of the products but allows room for incremental change in the quality of the product while offering a competitive price to the consumers.

As the research takes shape and the results gathered, Metro can find it useful to understand certain key features which might be helpful in their business strategy:

- The extrapolation of study in private labels being offered by the retail chain under study will help in future understanding of the feature and will assist the higher management to come up with long term plans which can make the organization successful.

- The research will also focus towards the organizational betterment in respect of the market behavior so relative changes can be made in the business strategy.

1.4 Aims and Motivation for this Research

The market has to be studied with this specific notion that these private labels have a high probability of opportunistic value and as the rest of the world seems to create customer value from it, Retail chains in Pakistan can also use a similar strategy to gain high market reputation and this can be done only mapping customer perceptions and responses. The responses can be towards product attributes, price, quality, quantity bought for dollar value and the level of satisfaction that the product provides (Cotterill, 2000; Brunswik, 1947). This is undoubtedly a very wide area of research but this specific study has been narrowed down to study some crucial elements in the phenomenon so that the research can provide substantial grounds for future studies. The theoretical framework greatly relies on the location specific results and can be further ventured into by future researchers.

1.5 Research Hypothesis

Although, on the basis of research framework, multiple hypotheses can be formed, but the researcher will be looking in to following:-

H1: During the purchase process of manufacturer's brands and private-labels, similar emphasis is given by the consumers to different choice criteria (quality, price, advertising packaging and expectations & fulfillments).

H2: Similar degree of familiarity exists between end users and professional customers in terms of buying private-labels.

H3: Similar importance to different choice criteria (quality, price, advertising packaging and expectations& fulfillments) is given by the end users and professional customers when buying own private-labels.

H4: The perceived features of private-labels (appealing packaging, value for money, taste/scent and quality) are influential on readiness to buy private-labels.

H5: The satisfaction with the private-labels from any supermarket will enhance the loyalty of consumer towards that supermarket.

1.6 Purpose of this Research

The researcher will be looking to:

1. Examine the perceptions and attitudes of consumers towards Private label brands and in-house packed items.
2. Review literature on consumer purchasing motivations and the importance of branding, especially private label branding.
3. Provide useful private label branding strategies for superstores to better understand the market and to adopt more effective brand marketing and retailing approach in Pakistan.

1.7 Scope and Limitations

This study has been designed to establish a valid co-relational inference of two vast topics, one being consumer perceptions and the other being branding. These topics are very wide and involve

various models and strategies as they are applied in the real world. This wide parameter of the research also includes brand experience (Temporal, 2001) which is the third clause involving customers and the brand. Organizations offer their customers with a wide set of satisfactory products which are fore bearers of higher utility and provide an overall good experience to the customers. Brands try to excel in the experiences they offer to their customers so that they have a better reputation in the market and also they can instigate repeated purchases made by the customers (Diller, Shedroff, & Rhea, 2006). The hypotheses formulated for this research are designed to target only specific areas and some specific portions in order to avoid the wider aspect of the topic. This might help in the validation of the study but there are some areas which might still turn out as a limitation and not project the true findings of the research. The limitations can be summarized as follows:

- Limited Regional study

This research is essentially limited to the market of Islamabad, Pakistan and cannot portray any of the consumer's preferential and perceptual treatments of products in branches in other city or cross-border branches of Metro. The focus of the study is on Metro Cash & Carry which is a large retailer in the region and has branches in Lahore, Faisalabad and Karachi, and also has an International presence over Europe. The study cannot be directed from this regions to the sister branches because of time and finance constraints. So the magnitude of the research finding will be confined in the region of Islamabad which has a considerable number of populations of various areas and has a true depiction of high-end and middle class consumers which can help the researchers in getting a true picture.

- Limited organizational Brands

There are different sets of products available in the market and they have a certain category which they belong to. These products sold under private labels are meat, apparel, bakery items, food items, and others. To keep the research specific with the study of true sense of private labels, the researchers might have to explore and inquire about one or two categories so that the research findings are specific. The same products might have a different price, attributes or quality in other regions. Retail chains rely on the suppliers to acquire these products and it is a whole other chapter of how these suppliers move about in their supply chain network. The idea however is that location specific data is more consistent instead of multiple locations.

These limitations might have a negative impact on the findings but overall these aspects will also render the data consistent and very specific. Once the research is finalized, these areas will be mentioned along with some other attributes which might create a bias in the results so that the nature of the data is made clear and accurate.

1.8 Research Outline

Chapter one presents the specific introduction and general idea of this research. It includes the background, problem statement, objectives of the study, research hypothesis, and significance of the study, while highlighting the limitations of the research as well.

Chapter Two presents the selected literature review of the study.

Chapter 1: Introduction	
Research Topic	Purpose of Research

Chapter 2: Literature Review
Contemporary Research in the area

Chapter 3: Methodology	
Research Design	Sampling

Chapter 4: Industry analysis	
International Modern Retailing	Modern Retailing trend in Pakistan

Chapter 5: Organizational Review	
Metro Cash & Carry	Metro CC Private Labels

Chapter 6: Research Findings	
Qualitative Justifications	Customer Responses

Chapter 7: Research Analysis	
Conclusion	Analytical Brief

Figure 1-1: Research Outline

Chapter Three presents the methodology and the methods used in the research. It includes data collection, sampling frame, data analysis and study limitation and the study period.

Chapter Four shows a limited Industry Analysis of the Modern Retailing Industry in Pakistan.

Chapter Five contains an in-depth organizational review

Chapter Six shows the findings and the graphical representation of the responses as given out by the consumers, along with a qualitative analysis.

Chapter Seven gives the analysis and results as gathered from the study and concludes the research.

1.9 Chapter Summary

This section was designed to introduce the topic of research and its areas which are imperatively crucial to the whole research. The research topic in itself is very wide and highly diversified, for which it is important that we try to identify core issues and areas which would need optimum level of focus and concentration. For starters, it was necessary that the researchers take down some very basic information about modern retailing system and a basic understanding is needed about consumer behavior as depicted in the academics (Hoyer & Macinnis, 2009) so that the researchers can design a research framework that suits the description of the project. Consumers change their perception in the market depending on certain factors which is the major focus of the study. The Consumers have a certain set of parameters which help them in making buying decisions. These can vary in different market situations. Quality and price are two major factors which govern buying decisions. This is inquired in relation to the private labels being sold by the retail chains. Retail Chains have come up with their own set of products which are sold under private labels (Quelch, 2004). In the start, it was a completely new thing in the market and the focus was to reduce the price for the consumers only to compete against name brands. But with time as the competition picked up its pace in the realm of private labels, other attributes of the products were improved as well.

The idea was to improve the quality as well while reducing the price. Overtime, these products have become not only more sophisticated and improved but in fact the value provided for the price is quite high. Retailers hold a key position and play an integral role of connecting consumer and the producers or suppliers. In this research, the participant organization is Metro Cash & Carry which has a large number of branches all over Europe and different other areas. The social responsibility of the organization compels it to offer a higher quality while keeping the price at a minimum as a result of intense negotiation over the terms of merchandise delivery.

The hypotheses are formulated to be tested on the data which will be gathered for the research. The data which will be tested has to be credible and error free, which will be made sure with the elimination of bias and pilot testing of the survey questionnaires. Unless the data is accurate, the inference cannot be credible in the longer run since approximation will not be useful in any sense. The hypotheses has differentiated between regular and professional customers because Metro specializes in bulk selling so any difference can be mapped as well, if any.

The research will investigate in to the labels being offered by Metro Cash & Carry with a specific focus on a few products which fit the description of private labels completely. These products will be judged on the perception of consumers and results will be extracted over the attributes or the features that govern the decision making ability of the consumer for buying a product. As the current trend is mainly inclined towards the traditional 'kiryana' stores and an attempt will be made to see what attributes might be the ones which might cause the consumers to

diverge to buying from modern retailing chains. Also, since the trend of modern retailing is increasing in Pakistan, it is possible that a large number of consumers might establish brand loyalty with these private labels which will be crucial for these retail chains to sustain in the market and be profitable at the same time. As more and more retail chains enter the Pakistani market, the future might bring an intense competition among these superstores as well.

2 CHAPTER: LITERATURE REVIEW

2.1 Background

In the market, where different businesses use various strategies to gain a competitive edge over their competitors, the purpose is simple and more directed towards gaining a better market share and a high profitability zone with a large customer base. Private labels are one the strategies which make the organization stand out in the crowd and help by offering the customers what they want in a much more particular market with lesser price tag and better quality, mostly unmatched when compared to name brands but nonetheless have a greater chances of gaining approval from the consumers. Further in this study, these strategies will be unfolded so that a clearer picture can be presented.

2.1.1 *The private label market of the world*

Own brands itself one of the largest brands in the global market. It surpasses any seller and any retail chain (Lincoln & Thomassen, 2008). Private labels sold by big retail chains such as Wal-Mart, Tesco, Sainsbury, Carrefour etc are profiled quite high e.g. Wal-Mart labels exceed by 50% in size when compared to any manufacturers' brand portfolio worldwide. It is by far the largest private label sold by any of the retail chains. Tesco and Aldi stand at seventh and sixth place respectively (Tesco-PL, 2010). The figure here shows how Nestle, the biggest private label brands is surpassed by Wal-Mart.

Worldwide sales $bn

Wal-Mart private label	126
Nestlé total company	75
P&G total company	70
J&J total company	51
Unilever total company	50
Aldi private label	41
Tesco private label	36
PepsiCo total company	33
Royal Ahold private label	27
Metro Group private label	26
Coca Cola total company	23
Danone total company	17
ITM (Intermarché) private label	14
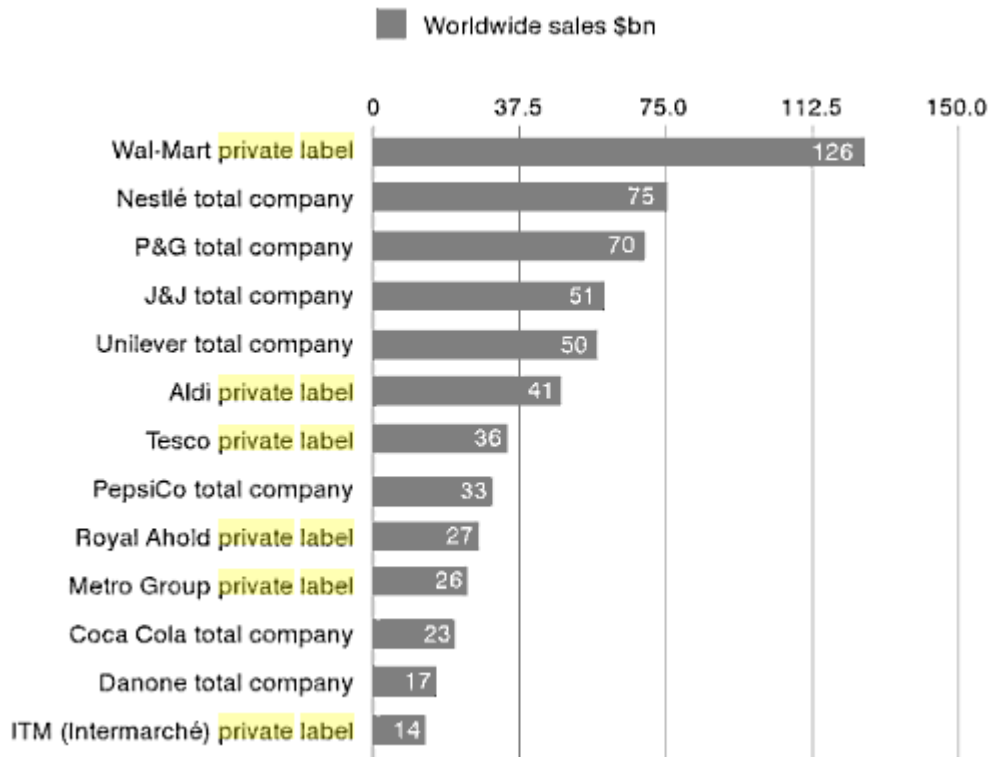
Figure 2-1: Source: (Lincoln & Thomassen, 2008)

A lot of manufacturers see private labels as a very sophisticated and large scale competition in the market. As this threat has increased overtime, the name brands have regarded these private labels as a single handed attempt to detriment the branding scheme (Lincoln & Thomassen, 2008). This is not the only reason, additionally they are thought to reduce brand equity of bigger brands worldwide and also reduce the brand loyalty whereby reducing brand premium charged from the customer thus selling the products of more or less the same quality for a much lesser price and reduce the reliance of the consumers on big brands where they have less expensive substitutes available easily at the most sought after retail stores. The reason why they can't really confront these retail chains is because these retail chains also house the products from these big brands. Retail stores are large warehouses of the products marketed by

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name brands and even though these retail stores are housing substitutes, still they contribute a large part of the overall profits made by the manufacturer brands. This means that modern retail chains are not only customers of these name brand manufacturers but also large scale competitors. This increases the ability of retail chains to negotiate for the manufacturer brands to reduce their premium being sold in these retail chains.

2.2 Consumer Attitude

In any business, competition is the most powerful motivation which keeps the organization in play and this motivation tries to come up with new strategies which would leave behind all competition and compel the organization to land as a high end profitable business. Traditional business strategies might not be able to do justice with this new opportunity since there are various departments in an organization which have to be accounted for in an organization to make sure that the strategy works in a profitable way. One of the strategies which have prevailed in the past several years is to acquire and sell products from suppliers under a private labels which has accounted less for the quality, quantity for the price paid but has a large part in offering the product in a lesser price that its counterparts. (Whelan & Davies, 2006) argued that despite the strategic setting, there is a major difference among different segments in a market where some might choose a private brand while others might still go for name brands. Primarily, the fact that consumers classify brand recognition in different segments such as price, quality, packaging etc might be the reason behind choosing any brand. Therefore, customer perception or consumer attitude towards any brand might change if a particular classification is dominant in the minds of any

consumer. Then another factor is the connection of the brand with any consumer on a personal level. Some might believe that their individuality is portrayed by the brand they consume, which can a very solid reason to opt one brand out of many. Although this scenario is mostly witnessed in apparel and other items, food items are relatively less focused in this regard. At times, the brand is not as important as its parent company is; there are brands which might be associated with Wal-Mart or Tesco which is the only reason why they are bought (Tesco-PL, 2010). Even in Metro, it was found that certain items were sold on a regular basis only because they were associated with Metro, however, it is unknown if the same brand is sold in regular markets, if it would sell the same way or not. Mainly, scholars have pointed out that the experience that the brand gives out to its consumers is what drives a repeated purchase (Temporal, 2001). Price is not the only factor which gets any private label to sell, in fact it is the experience that a brand provides, the quantity acquired for a price, the price itself, quality of the product and compatibility of the product with a certain household, and hence there are various elements that govern the success of the private labels. (Ritson, Wise marketers know when to throw in the towel to own label marketing, 2003) mentioned that In United Kingdom (one of the largest markets for private labels), a large number of transactions took place in lieu of private labels and has a high growth rate which is evident from the chart below:

Country	Growth Ration	Source
France	25%	(Nordas H. , 2007)
Switzerland	50%	(Nordas H. , 2007)
United Kingdom	95%	(Burch, 2007)

Table 2-1: Source: (Nordas H. , 2007; Burch, 2007)

Branding in itself is a very resolute activity to gain a larger customer base and increase the profit margin over the products but segmentation is equally responsible for this profitability. A retail chain makes profits only in its targeted segment, but as the recent economic conditions have unfolded, there is a large part of the social setup which is going for the private brands and mostly it is the FMCG section where food items have been sold for a much higher price. In Metro alone, there is a large percentage of customers which have their own small shops and bulk buying makes them profitable, apparently for the reason that most of their products are bought at a discounted rate and at a higher quality which is normally not evident from most of the suppliers in the market that supply smaller shops or general stores. Most of the items sold in the open market in Pakistan are generic and lack the branding strategy which is the only reason that they are relatively cheaper and have no brand premium to charge, but there is a lack of quality that these generic products have. In Pakistan, the consumption of meat has increased in the area of chicken meat and mutton by 2-3% per year, the shifting in the middle has been primarily due to the bird flu virus but there is a large part of consumers that prefer meat over vegetables and pulses (Gilani Research Foundation (Gallup Survey), 2009). Most of this meat comes from generic sources and the relative consumption of meat has yielded many problems in social health mainly due to the fact that the quality of the meat has been less satisfactory in most areas. This notion has caused most of the consumers to shift over to packed frozen meat consumption of chicken and mutton. The point is that branding does not only benefit the organization but also benefits greatly to the consumers (Kapferer J. , 1997). One fact that most of the retailers still have a hard time keeping up

with frozen meat is the fact that these are costly and consumers either rely on frozen meat or shift to vegetables instead. Retail chains offer the same brands on their shelves but at the same time, they also offer an own brand with packed items which has similar quality, lower price and high consumption and purchase frequency due to the fact that quality that is offered to the consumers comes with a brand name and that is something that people trust (Aaker, 1991; Cunningham, 1982).

Regionally, private brands have their own type of products being sold under the same parent brand, such as in UK, private brands are normally sold in the category of household items due to the fact that consumer utilities are cheaper (Lincoln & Thomassen, 2008), similarly, in other areas, electronics and food processors are popular, meat and food items are most widely popular under brand names due to the perishable nature of the products and the freshness which is sold under the slogan of brand promise. Retail chains try to manipulate consumer attitude by offering some discounts and highlighting various attributes of the product so that the sales of these private labels increase thereby earning them more profits. These strategies affect the consumers regionally. Different retail chains across the globe have a distinctive card system and consumer profiles based on which they conduct timely survey of what is sold in the store and with what frequency, this data helps them to offer the consumers with what they require along with a much improved sense of presentation.

Private brands hit the consumers with these improved features based on consumer profiling. Mostly, the following attributes are highlighted:

- Pricing
- Quality
- Quantity
- Customer Support
- Brand Affiliation
- Level of Risk (approach, damages, thefts etc.)

Mentioned above are some of the attributes which are the drivers of the major buying decisions made by the consumers. Some of these attributes might be psychological (Pride & Ferrell, 2010) but nonetheless, customers are driven to these products on everyday basis. Another factor which also increases the consumption of own brands is the fact that the retail chains maintain a quality standard with which they attract more consumers and in the longer run, the retail chains as well as the consumer benefits from this relationship (OCED, 2010). Best, 2009, argues that these retail chains primarily focus on the quality and benefit that people can associate with the product but people mostly refer to the associated risks which might be taken with these products (Best, 2009), but overall, the effect is neutralized once a brand recognition and a comfort zone is established. Private labels are not merely some brands being sold out on a retail store's shelf; they have also posed some great challenges for the governing bodies in terms of pricing and demand and supply mechanisms in a society (OCED, 2010). Some private labels have the tendency to overthrow a large number of manufacturers out of business, which is why these governing bodies intervene in terms of pricing and taxation to keep the price upto par and make sure that the respective price floor is not compromised. While customers have a knack of deciding the best possible deal when it comes to deciding between price and

quality, it has been found that quality of a material product has a much more vital role to play when it comes to perishable items such as vegetables, meat, poultry, bakery items etc. The same quality although is also provided by national and name brands but still there is a tough competition between brands and the consumer is the judge (Cunningham, 1982). In a market, consumers relatively live by the idea that private labels are of inferior quality whatsoever, as it is a general perception, due to the fact that there is no premium on these branded products (Granzin, 1981) (Cunningham, 1982) (Strang, 1979) (Bellezi L. K.), while some research states that quality might be the only factor that differentiates between name brands and own brands (Richardson, 1994) (Raju, 1995). These conflicting ideologies directly relate to the decision making factors which are price and quality. Consequently, the target market which considers low price to be the ultimate marker would go for these brands while consumers who go for quality perceive that a high priced product might be the answer. These consumer attitudes do prevail in the market. Consumer attitude is a highly complex phenomenon which can drive the consumers to buy or refrain from buying a product simply because their perception is built up in that manner. Consumer perception, although used indifferently to consumer attitudes has a whole different point of view. Since it is a part of this study, it is mentioned in the section ahead.

2.3 Consumer Perception

A personal approximation taken to be the truth, as a result of a psychological process which is exhibited by people is what Lerner terms as Perception (Lerner, 1999). Every person tries to fester up a meaning out of a series of events and these events, although may seem vague but have a connection to the environment which translates into a situation called reality by that person.

This reality, conjured up by the apprehended meaning and the mental capacity all combined, is something believed to be very sacred to the person here, as well as to his understanding of the event. Perceptions are formed by external factors which are commonly known as stimuli. Every person is exposed to a certain level or magnitude of a stimulus which defines the extent of reality for that person. This magnitude builds up the perceptions of reality. Marketers use these stimuli to let the consumers form perceptions of reality. Advertisements, public events and promotions are main examples of how social cues can be penetrated and manipulated to build perceptions. Although it is not a one sided attempt; the consumer is somewhat also inclined towards these certain interests where these stimuli interact with the understanding of the person's interpretation of a phenomenon and thereby influencing him to believe what the advertisement suggests. The customer exposes himself and receives the stimuli and then can choose to believe or to disregard the whole thing.

Perceptions are not absolute, and they can be translated in certain manner. As people have different vantage points in their natural course of life and every person has a list of experiences in life which might help them develop a certain level of understanding, can translate a stimulus into different accounts and these interpretations are not always accurate, but still the strongest and most common perception prevails. In this way, the consumer or the person under question here can construct his own part of the truth based on his/her own understanding.

Every organization tries to build up perceptions about its products and positive perceptions for that matter. Every

campaign's success depends on the perception that has been created in the minds of the consumers, since it is very hard to change or amend any perception once it has been created. The target is always a positive feeling or value associated with the product or the parent brand. Attributes which can be perceived as negative or positive are mainly:

- Design of the product
- Price
- Color combination
- Relevance as per need
- Availability

In short, perception are manifestations of reality in the mind of a consumer and no matter what stimulus causes them, they form a distant part of reality for the person. If, however, the stimuli changes, the influence is proportional to the perceptual changes (Weber & Fechner, 1846). Thus, the intensity and magnitude of the stimuli can alter the intensity and magnitude of the perception. A human being's experiences in life help him construct a lens through which he sees the world and perceived the qualitative information gathered. Some areas of a reality are quite familiar to the person under question here and these familiar situations are favored normally by this person. It is also called pleasant stimuli. If these are absent, or a high intensity of unfavorable or unfamiliar stimuli is received then the perception gathered is entirely different and not necessarily proportional to the intensity. Some influential stimuli are:

- Surprising Stimuli

These are stimuli which are readily noticed and although the focus is raw but the noticeable element is still present. This is because in human psychology, surprise is a matter of instinctive behavior.

- Subliminal Stimuli

  These are the stimuli which are hidden and not readily noticed. The intensity of these stimuli can increase as much as to create a non-cognitive response which might create an interest or influence to make a purchase in the case of a consumer.

These stimuli are mentioned here to point out the importance of the stimuli when they act as a prominent factor. More the prominence, more will the chances of new consumers being attracted towards the product. Perceptions cannot be measured as they are the result of a thought process, and since they are relatively complex, it is almost impossible to gather a pool of perceptions for a general public with just one survey, but the experiences that the consumers have in reference to a particular brand can be jotted down based on the positive or negative notion of experience. Brand experience comes from two sources, one is the interaction of the consumer with the seller and the other is from the use of the product. In short, the overall reputation of a brand as managed by its seller contributes towards brand experience which translates into perceptions. The attributes such as price, quality, and features of the product contribute to these perceptions equally as they make up consumer attitude. Theodore Levitt et al focused on the fact that the satisfaction that is felt by the consumer greatly guarantees the success of the brand which in turn makes it profitable and makes

it able to sustain the market (Levitt, 1960). The trick is to provide something to the consumer which is more in terms of value and utility compared to what is paid by the consumers. This brings us to the basic product function called the augmented benefits (Phillip Kotler, 2008). Core benefits and expected benefits are always met in the market, but augmented benefits is what surprises the customer, hence initiating a surprise stimuli and if it is positive, the perception will be positive and will initiate a preference of the mentioned brand.

2.4 Brand

Branding is a process which consumers identify the parent organization of a particular product. Branding strategies are designed to help the consumer identify the parent company and recognize the brand promise (Keller, Strategic Brand Mangement, 2008) made by these companies to the consumers using their products. Since every product comes with a brand promise, whether it is reliability, taste, quality, different social treatment, they make an offer towards the consumers that the consumers can accept or refuse. Consumers can choose which promise to opt for when it comes to choosing among different brands. Brands are the identifications of specific products and services which are provided by a business (Keller, Conceptualizing, Measuring, and Managing Customer-Based Brand Equity, 1993). Brand is a composite of associated attributes that arise from a product. There can be visual signals like colour, packaging, shape etc, or immaterial attributes such as core benefits, innovative design, feeling etc. Brands are also the significant identifiers of the parent company such as logo, colour scheme, emblem, tag line etc which gives meaning to the brand all over (Kapferer J. , 1997). Branding was originally used on cattle so they could be identified among different farm

owners. This practice has overtime evolved into a more sophisticated practice which helps the organizations to target the consumers which prefer their products. Since special attributes like an extra ingredient or a flavour were used in items, it was necessary to differentiate among different manufacturers and that is how brands are as we see them today. Apart from the visual discrimination, what we see today is the inert sense of brand which also changes from product to product. People are sensitive towards these cues that arise from these different brands and for the manufacturers, it somewhat visualizes a market share that can be profitable. Brands are equally sensitive to their market reputation as the parent companies are, as it is true that most of the consumers of global brands buy products from a brand based on the reputation of the brand and not of the company. Brand promises are interesting facts which signify a semi guarantee of an added value to the product. This brand promise or other attributes help brands to charge a brand premium which is a higher price tag as compared to generic products in the same category. This added value in the price tag sometimes gives birth to dissonance which is not healthy if the consumer does not experience the extra value. So, it is safe to say that if the value is delivered as per the required guideline, the dissonance decreases or can be avoided altogether. Consumers associate with the brand and have a degree of familiarity with them when they come to use them. Similarly, private labels have evolved as subsidiary brand entities of large retail chains or distribution networks. Primarily, private labels were not of top notch quality but as time progressed, organizations have realized that price has a lot to do with buying decision making behaviour of the customers and it is important that the quality should be

proportional to the price charged for a product. High priced products are sometimes taken to be of high quality with benefits which are above the expectations of the consumers and so forth. Thus, big organizations, like Metro tried to initiate a high quality product delivery in order to maintain a reputation, sustain in the market by making considerable profits and impress the consumers with high quality products with low prices.

2.4.1   Private Label brands

The ideology which drives Private Labels is the offering of products made by companies which they themselves have not produced but instead have been supplied by different suppliers on contractual terms which allows the organizations like Metro, Nestle, and Tesco to be used under their brand name. Parent brand is not dominantly used; however, the sub-brand is known to associate with the parent brand. The endorsement which is responsible for this product offering is completely valid and though many name brands would disapprove it on many grounds, but the contracts surely determine the terms of the sales made by the companies, and particularly retail chains since they are the main point of study in this research. Private labels are posted so that the product is not provided to the customer as a generic product but instead, the quality procedures intact are followed and ensured to enable the consumer to trust these brands and what they offer against the price paid for them. Unbranded products would create a question mark since they are not endorsed by any known brand and consumers normally are hesitant to give them a try internationally. In Pakistani market, generic products are preferred based on the fact that they are cheaper, although there is a large market which prefers properly branded products.

Private labels are offered by companies that endorse the product from a manufacturer or generic products offered by another company under the parent name of its own. Sometimes the private labels can be posted on products which are supplied by unbranded manufacturers and this causes the company to sell them under their own brand. Normally the relation between the parent brand and the endorsed brand is minimum or almost nonexistent and sometimes the integration is quite strong. As the market practices take us, these private labels are placed in the market as a tough competitor to the existing brand that are specialized in a particular product category, however, the competition is not focused on the brand popularity but normally price is the major factor which makes the private labels to take the lead. If private labels are positioned as low priced products, the value is still intact but with a lower price tag, and that is the most favourable buy for the customer. Private labels can be national, regional, specialized qualitative and bulk manufacturers; the scenario is always different in such cases. High quality manufacturers offer less units for more price and bulk manufacturers help in the repetition of the product over the shelf which might be less in quality but sure can make profits by employing economies of scale. Similarly, the brands which are national might be generic and regional brands are always specific to the tastes of the consumers in the region.

The reason why Private labels are so important for these retail chains and why they put so much work into making the quality better is the fact that consumers have a wide spectrum of choices. These choices make the consumers give less thought to the brand they are essentially loyal to. Retail chains such as metro, try to capture a larger market share based on the projections of due sales which are to be made in a certain

quarter. The profitability of a company relies on the sales that it makes and for that it is important that the organization sustains in the market on profitable grounds (Coulter, 2005; Eisenhardt, 1992). Since this market of Islamabad might not behave like the home ground of Metro, Cosmo etc but it sure has a lot of potential which according to these organization can be exploited and harnessed to produce considerable profits.

2.5 Brand marketing

A brand is a composite of a lot of things, from its intangible aspects such as Brand logo or Brand name to its consumption value transitioned from its parent company. The organization tries to portray its brands as one of the highest value delivering products towards its targeted customers.

This projection is done mostly through transmitting positive signals to the consumers both in terms of price and quantity received, or through quality and premium discount. Whatever the case may be, the idea is to create good impressions in the market which ultimately results in the positive perception and aids purchases for the consumer. All brands try to market their product in order to expand brand equity and brand loyalty. For this, the brand experience has to be exquisite and should be up to the mark in terms of performance that the brand promise has offered. This increases the level of brand perception in a positive manner and the reputation increases overall. Brymer proposed that brand leadership in the market has been outdated with evolved techniques of branding and marketing in terms of that brand. This evolution has compelled organizations to come up with innovative marketing techniques and has benefitted the parent brand of substantially (Brymer, 2008). Similarly, the same phenomenon is visible in Modern retail chains where Private

labels has increased the credibility of their Parent brand such as Metro, Tesco, Cosmo, Wal mart etc.

2.5.1   Brand Marketing approaches

Brands are very crucial identifiers in the market and to construct a positive perceptual map in the minds of consumers, there are different approaches which are used by the companies to promote their interests in a way to the consumers where the consumers believe that the organization has to offer what they require. Customer expectations are met in the most proper manner and evidently the market share increases depending on the brands capacity to manipulate the market price structure, placement strategies and promotional campaigns. Brands certainly don't ignore different aspects which form up an opinion about them in public and this strategy helps them to continue their existence over a long time (Keller, Strategic Brand Mangement, 2008). There are certain branding techniques which are mentioned here to expand the research scope:

- Individual Branding
  Branding a specific product individually is what this approach signifies and has a large set of measures to be taken to properly introduce the brand in the market since any existing brand name is not used and no current brand can influence the reputation of a new product brand. This might increase a market threat which is why careful arrangements are made to make sure that the brand is set off before it is released.

- Family Branding
  The umbrella of an existing brand holds different smaller brands which are directly associated with the parent brand. This approach is called family Branding where the

organization can grow rapidly with a multitude of brands and enters the economy of region through a diverse set of products. Collectively, smaller brands build up the reputation of the parent brand and the legitimacy of the offering, as perceived by the consumers is increased.

- Co-Branding

  A combination of both individual and family branding is used in this approach and it implies that a firm partners with another firm of an established brand name to create a synergetic effect of a weak and a strong brand. This causes the combined effect to be more effective. Joint ventures normally come up with Co-Branding approaches.

- Private Branding

  Private labels are brands that are offered by the retailers which are not produced by them. Suppliers normally use productions at a lower level to be marketed under a private label which is marketed as a product offered by the retailer or the business which is selling these private labels. This can lead the company to employ suppliers on contractual basis to produce with the retailer's brand name.

- Generic Branding

  Some commodities which are essentially not meant to be branded but the manufacturers brand it for the sake of identification is what this approach entails. Medicines and other non-substituted items are examples. This approach uses basic products that are required or used in a household.

2.6 Yet more in private label Branding

Brand personality is the ultimate reason which defines Private labels since the product sold under private labels is not very

much different from their counterparts being sold by name brands (Nelson & Cooper, 2003). Although, many retailer might think that the brands are not really in competition with products sold by name brands, but the real competition might lie with the imagery, loyalty, trust building which is intended by the brand (Murphy & Bray, 1997). But it is proposed by (Banerji & Hoch, When do private labels succeed?, 1993), that the relationship between retailers, consumers, and manufacturers and their characteristics might determine the success level of the private labels. No matter what the market shows but internally, it has been proven that the brands sold by manufacturers and the private labels sold by Retail chains are in tough competition, according to (Ellis & Uncles, 1989; Omar, 1994). Market strategies are equally responsible in how the competition takes place in the market and whichever brand succeeds since rivals intend to promote their products with different promotional campaigns (Doyle & Baltas, 1997; Banerji & Hoch, When do private labels succeed?, 1993). The selection of a particular brand in the market is based on the mental map of the consumers and how they build recognition of these brands and eventually prefer one over other (Miquel, Caplliure, & Aldas-Manzano, 2002).

Private labels have been facing immaculate growth over the years and this growth is not attributed to a high quality image or the product itself but in fact the low price factor that is preferred by the consumers (Aggarwal & Vaidyanathan, 2002; Lowengart & Ghose, 2001). Private labels were initially quite weak in terms of quality and reputation referenced to the market image, but there was never a premium which was charged from the customers for these brands, as per evidences gathered by (Davies, 1992; Ward & Halstead, 1995). Even though in the international market, private labels have been present for a

long time but in the local market of Pakistan, Private label is what were known by their traditional names and this can lead to a much swifter switch to the retail chains instead of name brands once the proper awareness is propagated. (Dekimpe & Steenkamp, 1997) And (Verhoef & Casebeer, 1997) argued that over the years the interest level of consumers has shifted from name brands to private labels primarily because the features are identical and that too with the price factor being the most dominant feature (Nelson & Cooper, 2003). As mentioned before, private labels in the early times of its offering were perceived to be of inferior quality and since it was cheap, but with time, the gap between the name brands and private labels is being reduced (Sparks & Smith, 1993; McGoldrick, 1984).

Different studies have suggested that the grocery retailing in different countries vary to a certain extent primarily attributed to the cultural diversity found in the region. Western cultures normally have a spending behavior in line of consumables and packaged food items whereas in Pakistani and South Asian countries, the consumer behavior is more towards spending towards raw groceries and food items which can be used at home after some processing i.e. cooking. Packaged items are not avoided though but the quality of the items is normally preferred when packaged or frozen items are bought (Davis & Burt, 1999; Sparks & Smith, 1993). Retailers are exclusively highlighted in this research based on the fact that the product labeling ad in house packaging plays a great role in the overall sale of the items and since the parent brand is a retail chain, in this case, Metro, then the reputation of the packaged items has a major influence on the parent brand. This is due to the existing research which proposed that perceived quality and the consistency of the product quite greatly influences the success

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of private labels (Banerji & Hoch, When do private labels succeed?, 1993).

It is a general belief, that if price and packaging of the products are not according to satisfaction of the consumers in term of quality, the consumer may lose confidence over the brand. The proprietary brand availability at only one retailer may encourage loyalty and traffic of the specific store or different same chain stores (Dick, Fain, & Richardson, 1997), as private-labels are featured as store loyalty building tools providing long term dividend to the retailers who are also the potential investors (Uncles & Dowling, 1997).

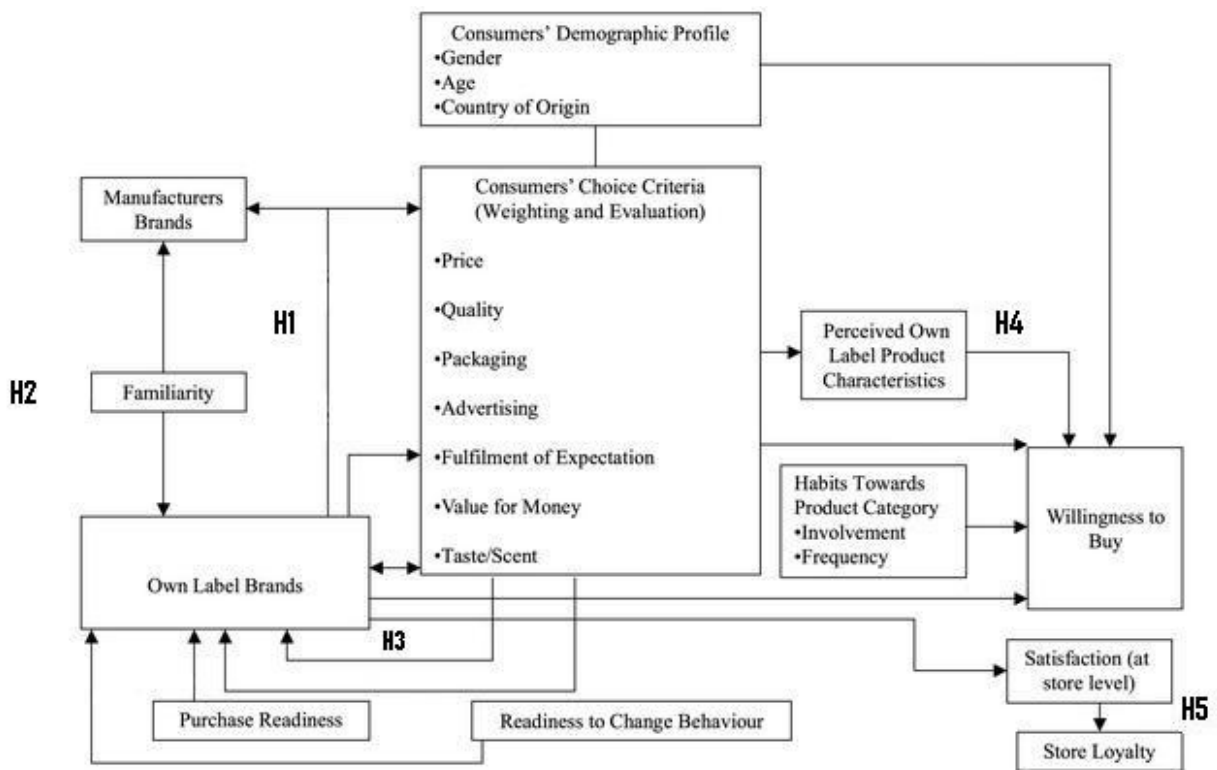The research framework has been translated into this figure below:

Figure 2-2: Source: (Veloutsou, 2004)

2.7 Chapter Summary

This chapter is a composite of all the previous literatures and researches that were read and investigated to see where supportive and non-supportive arguments related to the topic could be found. The research has to maintain a constant flow of information and needs to be in accordance with the previous researches. The major part of the whole operation is to identify the valid set of theoretical knowledge and investigative frameworks used in the past. Every research comes from a different vantage point and from a different angle that might distort the original topic of study which is why different arguments and terminologies were set up in order to identify which part of an argument was related directly to the research so that it can be used as a valid reference. The pluri-vocality of the meanings can be reduced in this manner and the research can be taken to the next level. Additionally, it was seen that the researches done in the past were normally pertaining to the international market or primarily focused around the European market and somewhat American market because these markets are the home ground of the major retail chains, also the consumers in those markets are not identical to the consumers in Pakistan. To avoid any mixing of such theories and principles, optimum care has been taken so that the framework is flawless to the extent where it wouldn't hurt the ideology which governs this research. In this section, there are also considerable accounts of how different modern retail chains brand their products and try to offer utility above the core benefit for products which are sold under private labels. As the research takes proper shape and findings are reported, the final picture will be clearer.

3 CHAPTER: RESEARCH METHODOLOGY

3.1 Introduction

This chapter mentions has the methods and the methodology which are put to work in this research. An attempt is made to validate the methods for this research so that the desired data accuracy levels can be achieved. The methods and the methodology were chosen to accommodate the type of the research and the nature of data which will be gathered overtime. In addition, they were selected to accommodate the hypothesis so the testing can be carried out with a clear and accurate unbiased data. The research is all about the products bought by consumers; products which are marketed by the retail chain as private labels. As this section proceeds, the methodology will be defined and the research approach will be catered to properly. The research topic is not simple, and as the complexity of the research increases, the methodology has to be very specific in nature. In addition, the methodology has to cater to different areas of the research topic which can easily be ignored if proper care is not taken. Since there are various kinds of customers, the vantage point of each unit is different and if the data collection covers all the aspects of the research units then the data can be termed to be more credible. The vantage point of the researchers can also create a bias, so the methodology has to be very specific to eliminate the bias. Primarily, the section describes the use of the methods used and the reason why they were administered in support of what context. As the research is completed and formulated into a theory, new research sprouts from the theory formulated which is why the researcher has to identify the nature of data collection which can clear out the path for future researchers in the dimension that the research has to go (White, 2002).

In this section, there will an area which defines the nature of the population in the locale and the rationale which has been provided here for the study. Once this is done, it will justify the means which are used in this research to gather the data for inference extraction. The study topic, however, has been narrowed down to fit the description of a true research. These areas have been mentioned in the hypotheses so that the narrowed down area can be tested accurately. The research will however ignore the wider aspect to keep the research credible, which brings us to the limitations that will be mentioned in this chapter to identify the areas which, even if included will not produce credible results.

The use of a methodology defines the nature of the research and the whole framework has to be in accordance with what the research topic demands. If the research methods are used correctly, the resulting inferences can also provide a deeper insight for future researchers with a view that the methodology can be tested and used for further expansion of knowledge. This specific research is expanded over a tight timeline and the will not be a true depiction of what lies ahead in terms of consumer behavior and preference. The results will give a detailed explanation of what prevails today and for the time in which the market remains mostly unchanged. If more participants enter the market or if the customers are affected on their buying power then it is possible that the behavior in the future might change. Cumulatively, this section also has a section which talks about the measures which will be taken to eliminate any kind of bias in the research alongside the confirmation that the respondents answered the questionnaires without any influence. The target of the research instruments will be to identify a

random success factor of the private label brands as offered by the supermarket chains.

3.2 Research design

The researchers follow a certain guideline during their research and this guideline is termed as the research design which includes the formulation of hypothesis and the data gathered therewith for further study of the data (White, 2002).

The research is designed to fit the description of a natural experiment (DiNardo, 2008). A natural experiment will allow the researcher to examine the environment influences and the social cues which lead the consumers to make a buying decision in favor of, or against private labels. A natural experiment allows the researcher to study the population of the locale in the natural habitat without any exerting any influence on how they conduct their everyday business. The researcher is a participant observer in this case since the researcher is already a part of the population under study here. The respondents have the tendency to react to different scenarios and the variables present in the habitat and these variables are of utmost importance when it comes to consumer perceptions. The social cues like advertisement, word of mouth, experiences of other people etc are all variables in the surroundings that create an impact on the consumer (Slovic, 2006). The reason why this design was chosen was the fact that it saves the researcher time which would otherwise be spent on the categorization of different customers of the participant organization and the comparison groups which even if implemented, was not going to help the researcher in any way. To make the research credible, it was though that it is best to keep the respondents separate

individually and gather the data as the respondents would naturally come up with in their natural course. To ensure this, the research questionnaires will be administered essentially on the cash counter, after they have conducted their purchasing activity. This would help in randomly analyzing their natural behavior and the reasons which they think are responsible for their behavior (Camerer, 2003). They will be approached and exposed to the questionnaires in order for them to respond naturally and without any biases. This way their personal observations and their personal analysis can be recorded.

3.3 Type of research

The study is about a social setting where consumers interact with a retailer and the effectiveness of the private labels given out by the retailer is examined while at the same time, both sides are inquired for a comfortable transaction level which provides considerable satisfaction to both. This is a social phenomenon and the same has to be very carefully approached. The in-depth review of buying decisions of the consumers in a locality has to be essentially quantitative since the number of the respondents is very large. Qualitative means would have been helpful as well but as the approach gets qualitative, the credibility of the data might be under question. To overcome this, the stance which has been adopted here is of a positivist. Qualitative approach would allow more of a social study and the nature of the research faces the risk of involuntary tampering. The original idea is to examine the social aspect in relation to the brands brought forth by the retail chain Metro Cash and Carry, so the response of consumers in relation to these brands is more important (Kapferer J.-N. , 1997). This interprets the research to carry on with a quantitative approach where statistical data will be needed to

examine the relationship of the people with these brands and to inquire the background of any purchases made by people, based on the preference given to private labels (Hunter & Leahey, 2008). Quantitative approach requires a stream of data to be analyzed so that the research can be carried out while bringing forth the evidence gathered during the process. The numerical representations and the statistical testing are of high importance and the relative approach justifies this method to the maximum level (Verhoef & Casebeer, 1997). Qualitative approach on the other hand, requires no numerical data stream and since the hypotheses require a positivist approach (Orenstein, 2005) to test the data properly, it is imperative that the quantitative method be used. Although, the qualitative aspect will not be ignored altogether; instead a mix of these approaches is used here. When the respondents are approached, it would require a preliminary study of how they conduct their purchases and since observation is the most crucial element of a natural and positivist study, thus it was thought that the respondents should be observed when they buy the products and approached after they naturally pick up the required items and then confronted at the cash counter. They shall not be influenced through questions and the same will be maintained throughout the data collection process (Kuhn, 1961). To make sense of it all, the research would require a deductive method to reconstruct the phenomenon in which the respondents were compelled to buy certain products and not others, and the questionnaires will help the researchers to analyze the elements which are responsible somehow for this behavior and what triggered the purchase in the first place for any brand, whether private label or name brand.

3.4 Research instruments/Resources

A high level of study regarding the subject matter was needed before designing the proper research design. The researchers will attempt to investigate the phenomenon as it happens and the data collected has to be credible in order to substantiate the inferences. The candidacy of the researcher and the resolution with which the subject matter will be studied has to be absolute and requires full concentration. The research instruments which were chosen and designed as per the methodological interpretation were as follows:

Primary Data sources:

- Questionnaires
- Interviews (Semi-structured)

Secondary Data Sources:

- Articles
- Academic Journals
- Books
- Previous Research etc.

The researcher will focus more towards the primary sources of data whatsoever, the reason being the fact that the secondary sources belong to different part of the world and all of it might not be applied completely to the locale under study here. In addition, the data collected by previous researchers cannot be used for this research since the time and space laws are not really efficient with this approach. Plus, the market keeps changing so any particular aspect might be similar but multiple scenarios cannot be used, which is why primary data collection is very important. From the previous years, the market behavior

has changed completely and somewhat drastically due to a global recession and some people refrain from bulk buying while others prefer private labels in high quantity which allows them to save money greatly (Nelson & Cooper, 2003). As the changes unfold, primary sources are more credible while secondary sources are used only for references and academic depictions of a scenario, but the testing and manipulation of data requires fresh and raw data out of the market (Cooper & Schindler, 2003). This was done to make sure that the data is effective and efficient at the time of research and will somewhat be useful in future study as well.

3.5 Data Collection

For data collection, the primary instrument that will be used is the research questionnaire. The questionnaire will hold questions which will cover specific questions where the respondent can answer on an ordinal scale. For other questions which require a specific approach towards the topic will use a 5- point Likert scale (Wuensch, 2005) to gauge the approval and disapproval (strong agree to strongly disagree) of the participant. The product attributes will also be asked and measured by close ended questions with Likert scale (high to low) (Cooper & Schindler, 2003; McWilliams & Siegel, 2001).

For the purpose of the analyzing consistencies among consumer attitude and organisational policies, the questions in the survey will be interviewed from some managers of the subject retail store and other mini superstores as well.

For the identification of the errors, ambiguities, misinterpretations and other technical issues in the self-administered questionnaire of the researcher, some drafts will

be developed and filled by adults above teen age, some professionals in the University preferably. In between this process, if it is realized that reviewers are finding difficulties to answer the questions regarding their association with the private-labels, the researcher will change those specific questions according the convenience of the respondents. The questions will be specific to product categories (meat, bakery, perishable foods, and other in-house tagged items), so that the respondent may easily recognize the private-labels.

3.6 Target population

The research is being carried out in a locale, which is the consumer market of Islamabad, Pakistan. The locale has been chosen for some very critical reasons. One is that the locale is the home ground for the researchers, second is the fact that the city accommodates almost all classes of consumers, from high-class to middle to low-class consumers. When we mention classes, we differentiate them on the basis of income groups and the lifestyle has less to do with it. Also, this city has been the major location of most international players like Costco, Cosmo, Metro and couple of other retail chains. While the market has a preliminary phase of competition between these retail chains, they are also frequented by most of the consumers on everyday basis (Bellezi L. , Hamilton, Krueckeberg, & Martin, 2010). Even if the international players are being investigated locally, it was thought best that a confined area should be studied. The twin cities provide a large number of consumers to these superstores and other areas, though, they would have provided a large number of raw data as well but the social elements were not identical in other locations. In addition, the research could not be taken to other locations based on time and finance constraints. Similarly cross border studies of these

international chains will not be possible, and secondary data will be consulted to view the cross border strategies of the same superstore.

The consumer population consists of high income earning and low income earning groups and while there are different ethnicities in the area such as people belonging to the city of Lahore who are major consumers of food items, and the like can also be actively observed. In short, the locale offers a mesh of different types of consumers and relative perceptions that prevail in various households. The effects of such locale can greatly help in producing a generic quality of the data which will be helpful in the research which can be applied to the country as a whole. At the same time, as most of these consumers are repeated customers of name brands, the process of switching over to private labels will be carefully observed, thus at this particular time and space, the research presents a crucial degree of study for future references.

3.7 Sampling

Sampling is the portion of the total population which is chosen to collect the relative information (Ghosh, 2002).

The respondents of the research will be consumers of local market of Islamabad who are actively involved in the retail and purchase of consumer goods. The researcher will also be making sure that the respondent should be regular buyer and purchases these products at least once in a month. With a sample size of 100, Non-probability sampling technique will be used in this research. This technique provides a range of alternative technique based on researcher's subjective judgment (Saunders, Lewis, & Thornhill, 2002). From the range of options present in

the Non-probability sampling, Convenient and judgmental sampling technique will be used. Probability sampling cannot be used because the population has a large number of buyers of the subject supermarket and every member of the population will not have an equal chance of being selected. In addition, the judgmental and convenient sampling will allow the researcher to choose the respondents at the location.

3.8 Administration of the research Questionnaire

The research will be carried out with the primary data which is gathered mainly through the research questionnaires. It will help the research based on the idea that the private labels are investigated in relation to the consumer's perceptions and how they think private labels can offer them satisfaction just like they presume a name brand would provide. Metro cash and carry is the participant organization which was chosen for this purpose and the survey questionnaires will be administered to the consumers who visit Metro for purchasing daily items or any of the products that the researchers are classifying under private labels. The customers are not expected to know what private labels are but as the questionnaires are administered, they will be explained about the labels. The questionnaires will be administered in an environment where one of the researchers will supervise the responses being put in by the respondents, thus it will be self-administered. The questions will be very specific and to the point, where the respondents will notify the researcher of the affects which were taken from the environment and translated into a purchase made of the respective item or product. As mentioned earlier, that the buying decision is made under the influence of price, quality etc. so the questions address these areas very specifically. The respondents will be approached during two phases although one phase was primary; the

other phase was kept in the guideline in case there is any need. The two phases are:

- Entry in the store
- Checkout point or cash counter

These phases are selected for an approach to the consumers because at these phases, the consumers are mostly sure of what they want and why. At the entry point, they are not exposed to the advertisement between stalls and at the checkout point, they have made their choice based on signals absorbed either by ads or by word of mouth or perceived quality or by price. This indication will help in determining if there was any change in the thought process of the consumers while they were purchasing an item or were they really influenced through ads and other signals. Whatever the case may be, the idea is to record the true unhampered perceptions of the customers towards private labels and name brands. The questionnaires actively mention the variables which are mentioned in the hypotheses and through a proper administration of these, the reliability of the data can be confirmed.

3.9 Ethical Consideration / Elimination of Bias

The researchers belong to the same locale where the study is being conducted and with all measures taken, it is still possible that the epistemological aspect might seep into the research one way or the other. This is why the researchers have adopted a positivist stance in order to keep the data unhampered and strictly quantitative approach will be followed while the data is being gathered and tested in the statistical environment. The data collection technique has been designed to be very specific and the data will be gathered in a controlled environment where the respondents will answer the questions and

that too after the researcher has created a substantial understanding of the products which fall under the private labels in the store. The answers will be plotted on a Likert scale and the same responses will be plotted statistically. The questionnaires are completely structured and have close ended questions which will allow the respondents to play among a 5-point scale and cannot stray from it. This way the questionnaire will eliminate all possible biases of open ended questions where the consumers will have a large area to portray their feelings and concerns which qualitatively would be helpful but quantitatively it will be a failure altogether (Cooper & Schindler, 2003). Other forms of elimination of biases is made in sampling technique used where the researcher will be allowed to select samples which depict true consumer traits e.g. housewives, family members, independent shoppers etc.

3.10 Study Limitations

This particular study is in reference to the consumer perceptions of private labels. The basic understanding of brands and private labels is very important before conducting the research. Although it has a wide area of complexities in it but the real market implication in the locale will be kept intact. Although the local market holds a lot of information regarding the consumer behavior but the participant organization Metro Cash & Carry has a large number of branches outside Pakistan and most of it these are located in Europe where private labels are very sophisticated and have a large range of products being sold in the market under private labels by different retail chains. The research cannot depict the international position or strategy of the participant organization, so a more specific market has been chosen. Moreover, the market of the twin cities is very limited when compared to the overall consumer market of

Pakistan, so this regional confinement may act as a study limitation.

3.11 Chapter Summary

This chapter mentions the basic structure of the research which will be followed by the researcher in the course of this study and how different areas will be studied with a specific guideline which has been allowed in the research design. While the design was being formulated, utmost care was taken to make sure that the researchers do not deviate from the designated path in order to cover any detail and for this all the necessary elements are covered in this section. The methodology has been defined with all its definitive sense so that the selection of methods is easy and justified. The research instruments are highlighted with their entire negative and positive points so that they live up to the task and do not gather data which might be objectionable and biased. To remove biases, the researchers mentioned different elements which will be helpful in removing the bias in the study. The questionnaires incorporate specific questions and questions which might be ethically or morally faltered were removed. At the same time, the epistemological errors have been removed by asking specific questions and with a scale attached to every question; it is evident that no possible bias will creep in the gathered data. The participant organization has been chosen with a view that it is one of the primary and the biggest stores in the twin cities and has a large market share in terms of superstores and with time, this market share might increase. The private labels being marketed by Metro Cash & Carry are substantially helpful for the research and while the research concludes, the true picture will be evident in the light of the data gathered.

4 CHAPTER: INDUSTRY ANALYSIS

4.1 Industry Overview

This section is designed to relay a brief set up of the modern retailing industry which is growing in the potential market of Pakistan and has been increasing with a steady rate in the past decade. Initially, the whole country was primary divided into different regional capitals where the industrial and trading hubs were present. The initial setup was quite favorable for the international players to come in the market but there are some local players as well which have initiated the modern retailing business model to service the consumers in different areas. The most prominent example of a local player is CSD shop, which stands for Canteen Store Department. These stores have offered the public an extensive product line which has been very favored by the consumers since it was based under the principle of buying everything under one roof. Similarly, in most of the Army Cantonment areas of the country, the Garrison Stores or depots were based more or less on the same model and with time the product range and service level has increased without compromising the basic grounds for the establishment. This lead CSD to be the most favored stores before any international player stepped in. Additionally, International players like Carrefour, Makro Cash and Carry, Metro Cash and Carry and some other players like Cosmo, Costco have opened branches in different parts of the country primarily targeting areas like Karachi, Lahore, Faisalabad, Rawalpindi and Islamabad. The research is specified in a limited regional setting for the city of Rawalpindi and Islamabad. Currently, there are these primary players in the twin cities, which are CSD, Metro, Cosmo, CostCo, Bursa, Madina Cash and Carry to name a few. Although the scope

of some is mainly to target the local population, while others operate in a national environment having various branches in the country located in different cities. At the current position, some of the modern retailing supermarkets are trying to officially launch private labels under a proper brand name but primarily these are still offering tagged items and can still be termed as private labels. Metro, CSD, Bursa, Cosmo and Carrefour are significant names in this regard. A common phenomenon observed by the researchers is that Bakery items are the most common Private labels being sold out at these outlets, but even with other items, Food items comprise the whole private label range.

4.2 Private **Label Products Spectrum**

One aspect of the global picture is the offering of Private label products which are available in the global locations of these international markets. In the international market, Private label is one of the most sought after products being offered by these large retail chains and they are offered to the public with a specific brand name whereas, in Pakistan, the scenario is a bit different. The private labels are not readily sold and marketed as they are internationally, even for the International players. There can be different reasons for it, which are mainly the perception of the people that branded products are coupled with a premium price charged on top of the actual price (Wayne & D.J, 2009), or maybe the actual strategy of local private labels to be marketed are not really established.

In house tagged items are still termed as private labels and they have a good marketing strategy to offer something entirely new to the consumers or something which intrigues the consumers

to make repeated purchases. The price factor is still there. To offer a successful private label product, every organization has to establish an infrastructural connection with suppliers in the market and gather up resources which can be used to sell the products in the market at a good price which is less than the branded counterparts. The sole purpose is to offer something that is according to the needs of the consumers in the area (Bellezi L. , Hamilton, Krueckeberg, & Martin, 2010). Production was the most prominent method of creating products and marketing them to the end user but as the time has progressed, it is not really a problem to overlook the production and go straight to the marketing while also supplying the product to the market (Net MBA – Web, 2011). Primary Sectors are using this technique to gather considerable profits in the market and without setting up a production plant. If nothing else, there is the need of a highly developed strategy to increase the line of private label products. ASDA, one of the major international players invested around £100 million to introduce around 3500 new products under the private label brand. The investment, no matter how significant, yields results in the longer run where the quality of a product can be incrementally positioned and that too, without affecting the price. (Carter, 2010).

To review the situation in more depth, it is important that we see some of the most important clauses which prevail in the industry.

Background data for 2002 and 2015 projected

	Supermarket share of retail food market % c.2002	Income per capita (US$) 2002	Projected income per capita 2015	Urbanisation % 2002	Projected Urbanisation % 2015	Openness Index 0-10 1995
Bangladesh	1	351	530	23.9	29.5	0
China	11	989	2109	37.7	49.8	4.9
Germany	79	24051	35525	87.9	90	9.6
Greece	65	12494	19883	60.6	65.2	6.5
India	2	487	827	28.1	32.2	2.3
Italy	54	20528	30175	67.3	69.2	8
Kenya	10	393	497	38.2	51.8	8
Mexico	45	6320	9648	75.2	78.8	6.4
Morocco	5	1218	1840	56.8	64.8	2
Norway	70	41974	56521	77.6	86.4	8.6
Pakistan	1	408	521	33.7	39.5	2
South Africa	55	2299	3340	56.5	62.7	4
Spain	60	15961	25302	76.4	78.1	8.3
Sweden	80	26929	39546	83.3	84.3	9.3
Switzerland	74	36687	49402	67.6	68.7	9.6

Figure 4-1: Source: (Traill, 2006)

If we look at the Figure here, we see that the market in Pakistan ranks low on the openness and is reluctant to try new things which can be the major reason why the supermarket development took a long time to get established. Probably, this is one of the reasons why extensive strategies are not being seen on a national level in terms of Private label offering from modern retail chains.

4.3 Own Brands Establishment and Marketing

Private labels started getting major market attention when a mild global recession hit the world during 1980's due to the Gulf war and Russian invasion of Afghanistan. People were highly receptive to the products which were less in prices even if the quality was a bit less than the branded items. This is the primary reason how various retail chains and stores started a

product line under private labels and their onwards it was the next big thing in the retailing industry. The reason why the products were sold in high quantities was the fact that most of the products were sold out to people who were already customers of these retail chains and that provides a large platform to sell these products to curious customers, from where the customers can have a brand experience significant enough to be considering future purchase. The main idea of the private label since its conception is the delivery of quality for a cheaper price while avoiding brand premiums. Profits are generally a result of sales based on economies of scale i.e. higher the number of sales, larger the profit (Banerji & Hoch, When do Private Labels Succeed?, 1993).

4.3.1   *Product and Marketing Identification*

Branding strategies are very important when it comes to the product identification and the recognition desired for a product by the customer. These branding strategies are the major upholders of success for these retail chains where they can brand a product under a parent brand and display them as special items being sold out for a cheaper price and the same quality if not more. These products are not in house manufactured and are completely supplied by specific supplier s as identified by the supermarket. The customers are primarily concerned about the price and the quality and the packaging at times to create ease and comfort while consuming a product. This experience is termed as brand experience and that help s the consumers to know the source of the product which in most cases is the primary retail chain. A strong marketing program is needed nonetheless by the organization to uphold the true offering so that the customers are exposed to such products with a competitive

price tag (McCune J. , 1994). Market intelligence in this case can play a very crucial role so that the information gathered is credible and usable in different market segments.

4.3.2   Prospects and Consumer Demand

Consumer demands enable the supermarket to identify the needs of the consumer since they interact with the consumer directly. This market intelligence helps them to identify which product the consumers wants and in what form (Bellezi, Hamilton, Krueckeberg, & Martin, 2010). As the market is diverse, the needs and wants of the customers are also diverse which help the supermarkets to come up with small arrangements such as shelf space, packaging and supportive customer service so that not only the product but also the overall brand image of the parent brand can be used a positive feature and can attract customers.

4.3.3   Marketing that Makes a Brand

Brands come with a promise and a vision referring to what it wants for its consumers and how it wants its product to fulfill their needs. The brand promise here ensures that the product will be of high quality and will be offered at a competitive price which is one of the primary influence variables (Ritson, Wise marketers know when to throw in the towel to own label marketing, 2003). A brand is always successful if it's aimed at the community and not towards making profits. If it is adding up to the community, the brand is definitely aimed towards achieving success (Bellezi L. , Hamilton, Krueckeberg, & Martin, 2010).

4.4 Impact of Branding and Labeling

Intrinsic and extrinsic factors are both important when it comes to the impact of branding over the customer and potential markets. Positive cues are very important to initiate designing and managing the promotion of a buying behavior in the customers which are normally triggered through extrinsic factors and that is normally taken care by the marketing side of the business.

4.4.1   Market Share and Brand Name Recognition

Private labels have posed a threat against name brands in the past decade and the circumference of the private labels keeps increasing every year. Brand names are recognized by customers when they are exposed to it frequently which is normally n the supermarket and this is how the trends have been changing overall the globe drastically.
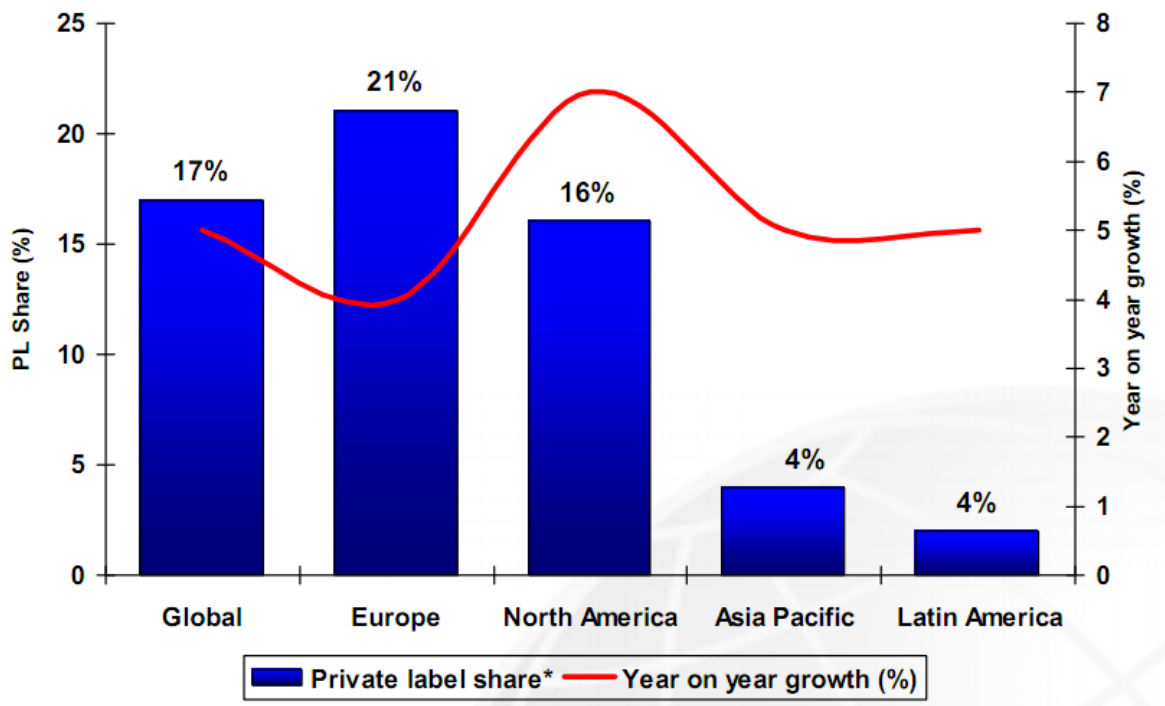

Figure 4-2: Source: ACNielsen, 2007; adopted from Williams, 2007

4.4.2   Building a Clientele

Consumer relationships are built on the basis of goodwill and private labels have added up to it greatly in respect of providing what's best and what saves them from the high premiums of name brands. Building up a clientele for supermarkets is not a difficulty since they are directly in contact with the customer and the market intelligence enables them to achieve success (Brink & Berndt, 2008). The findings will explain the relative perception of the consumers and the results of the findings in the next section.

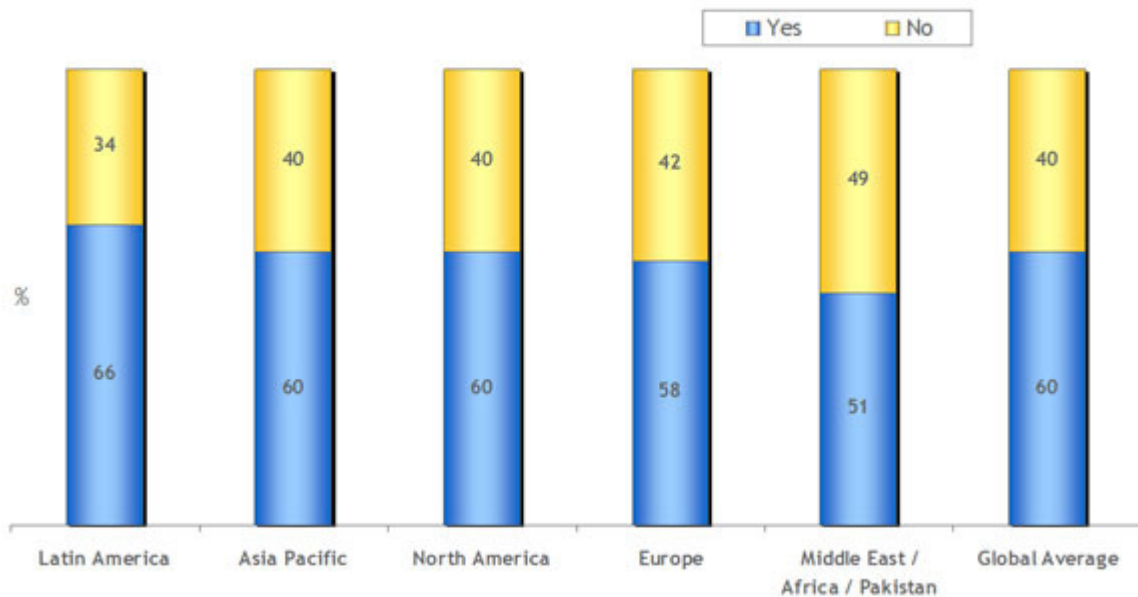## I Purchased More Private Label (retailer/store) Brands During the Economic Downturn

Figure 4-3: Source: (The Nielson Company, 2010)

4.5   Upholding Revenue Streams via Branded Products

Branded products are aimed at earning a premium price which is the incremental amount that a brand receives for the promise it makes with the consumers. The largest brand in the world is what

private labels provide as a whole (Lincoln K. , 2010). It has been proven with the timely offering of the private label brands that they have a large market overall and the revenue streams are nowhere near growing fainter. Big companies such as Wal-Mart and Nestle provide large number private labels than any other manufacturer. Refer to the diagram below:
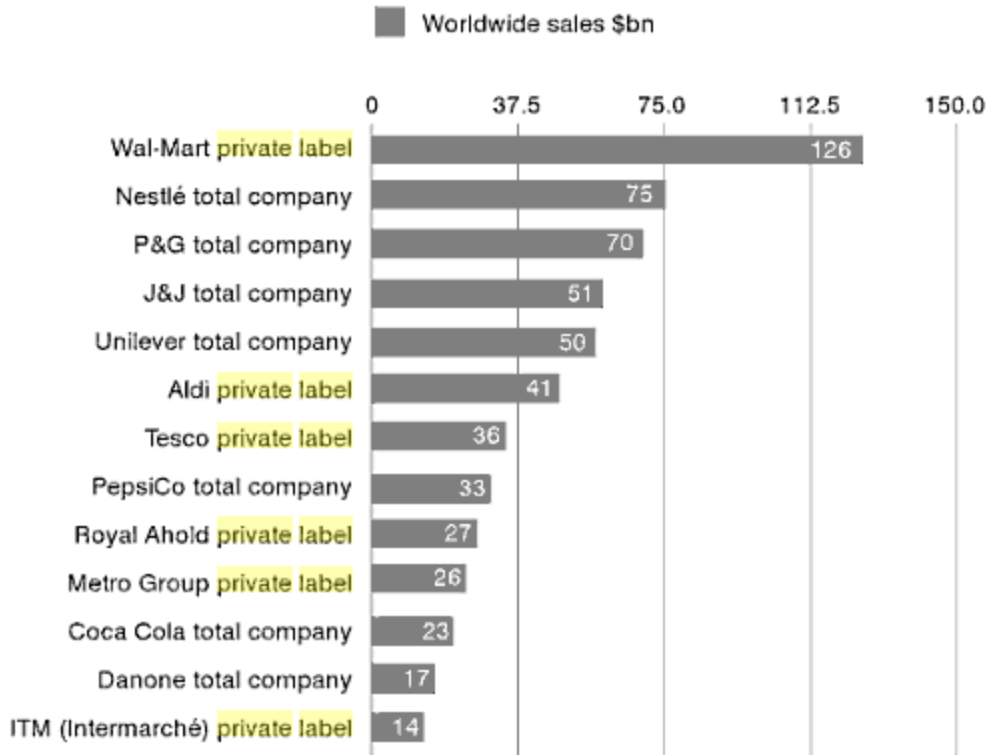
4.5.1   Chapter Summary

This section explained the dynamics of the industry of Retailing and how modern retailing has incorporated the Private label strategies in their business to create a powerful product offering without innovating anything but only by playing along with buying decision factors and creating a high demand of products which are otherwise equally beneficial but high priced and slightly better in quality. The total world's population is

currently trying to go for products which are not too heavy on the pockets while compromising less on the quality. These private label products are the upholders of the future retailing success in the longer run since the range of products under the private labels are increasing overtime.

5 CHAPTER: ORGANIZATIONAL ANALYSIS

5.1 Company Profile

Headquartered in Germany, Metro Cash & carry is an international Wholesale retailer and a division of Metro AG which has expanded its operations in three continents i.e. Europe, Asia and Africa, operating in a total of 30 countries and estimated sales reaching around €31 Billion for the year 2010 (Metro AG, 2011). It was found in 1964 and works on entirely different grounds as compared to its counterparts namely Tesco, Carrefour and Wal-Mart. Instead of targeting end consumers, it targets customers who are ready to buy in bulk as the name mentions (Cash and Carry). In 1998, it acquired Makro but has been operating independently from it. Followed by global operations, it only services registered customers and its normal customers are restaurants, traders and businesses which prefer in buying wholesale and bulk. Although in local market, the end consumers are also allowed to buy form such stores provided that they are registered. In Pakistan, Metro established its first Cash and Carry centre in 2007, in the city of Lahore. The second one was established in Islamabad in 2008 and three more were set up in Lahore, Karachi and Faisalabad in the year 2009 (Metro AG, 2010). Further plans have been developed to open around 10 more stores in different cities of Pakistan. Before Metro, there have been other modern retail stores present in Pakistan but they lacked the scale at which Metro established its Retail Store.

5.2 Metro Cash and Carry in Pakistan

Metro has been one of the primary modern retailers stepping in the local market of Pakistan and despite the traditional

stronghold of small retail shops and street markets in retailing; it has stood its ground and has been focusing on attracting new customers. Metro has stood up to its reputation and has not compromised its corporate standard procedures to penetrate the market. In Pakistan, there was always a need of superstores where a wide variety of products were present under one roof. Metro established itself as a retail wholesaler where a large portion of the city businesses such as restaurants, hotels, small retailers and other businesses get there supplies from both food and non-food categories. In Pakistan, as opposed to Europe, Metro has not direct competitors except for a few small retail supermarkets but has been competing against street markets and small retail stores and the concept of modern retail has yet to be propagated in the urban masses. Metro has been able to set up its specific set of products at the local store as private labels and in-house packed products but has been unable to market them as high quality, cost beneficial consumption items. Metro has launched a variety of products as its private labels in the international market but in the local market, the range of private labels is limited. While a large population of the world is focusing on buying products marketed under Private labels, Pakistan's market still remains partially untapped and a large portion of the market is still unaware of the benefits that can be obtained through the purchases of private labels.

Metro is an international player and a division of Metro AG, which is the third largest retailer in the world (Deloitte, 2010) but in the local market; it is gaining a competitive advantage against a number of competitors which include small retailers, generic products, mini superstores and street markets

where the retailing business lacks the attainment of economies of scale.

5.3 Metro Cash and Carry Private Labels

Metro Cash and Carry is a large organization which has its branches worldwide; it is obvious that it would be highly receptive to the need of Private labels which are in high demand all over Europe and major countries. Internationally, Metro has launched an exhaustive line of private labels and with a recent update in the strategy, they have signified six primary categories named:

1. **Aro:** Includes 700 food and non-food products.
2. **Fine Food:** Includes almost 700 high value food items.
3. **Horeca Select:** Includes 1500 food and non-food products for professional kitchens.
4. **H-Line:** Includes 350 non-foods and near food items for Hotel sector.
5. **Rioba:** Includes 150 supplies for coffee and cocktail items used in bars, hotels and restaurants.
6. **Sigma:** Office supplies consisting of 600 items. (Store Brands decisions, 2009)

Although it sounds pretty extensive but unfortunately the Pakistani market has less supply of Private labels being offered by Metro. Currently, the most significant private labels being offered are food items and that too with a limited supply. Meat, Poultry and Bakery items are the prominent food items being sold today but the Country Management is planning to offer a line of Private Labels pretty soon. This launch is not confirmed as per timeline but it is in process at the moment (Metro CC – Web, 2006).

6 CHAPTER: INSIGHTS INTO OWN BRANDING AND RESEARCH FINDINGS

6.1 Introduction

This chapter is the qualitative evaluation of the information based on observation and some theoretical knowledge and also the basic ideology based on which the questionnaire was designed. Since the study is all about the consumer perception and the response of consumers towards private label products offered by retail chains, it needs an in-depth qualitative analysis which has to be catered in order to justify the use of the targeted questions which was made after careful analysis so that the information gathered as a response is more to the point, concise and highly in reference to the study topic.

6.2 Consumer Attitude towards Private Labeling

Private Labels are promoted by different posters, product catalogue and ads posted within the facility of a Retail chain or a specific section which can portray the Private label product section out loud so it gets noticed. It is also a part of the experience that promotes a brand. Customers are inclined to buy these products primarily because they think that they are buying from the source directly. Perceptions that the customers have are the main indicators if a customer is going to make a purchase or not. These perceptions are generally created by two most important factors as mentioned earlier. These factors are price and quality. There are other factors as well but these two are the most significant.

6.2.1 Consumer Behaviour versus Brands Behaviour

In this research, brands are being studied in relation to the consumers and the relative weights they give out to the

products being marketed under a specific brand. Most of the product offering is based on assumptions and somewhat relative data that is put under analysis to find out a good ratio of people in a segment which are receptive to new and upcoming products and conscious about how they will manage their budget while keeping the consumption level intact. The preference is normally related to the signals they receive from the market. People buy these products in relation to the brand, which is normally called brand behavior and this behavior is what the marketers are aiming for i.e. manipulating the mental map and altering the buying behavior of the individuals so that it becomes favorable for the marketers. Customers are of different types and classified into different segments such as initiators, early majority, later majority and laggards. The whole categorical assignment of customers is targeted to make sure that all potential customers are targeted equally and consistently till they change their buying habits (Kapferer J. , 1997). In this spectrum, middle users are the majority and these are the most important participants in making a venture profitable for an organization. These different classifications have no specific mapping criterion on how people perceive different products. Perceptions are directly related to how the customers relate to a product and how they behave towards a certain marketing strategy. Brands cannot alter perceptions since perceptions are intrinsic factors and brand image deals with the extrinsic factors. To make any alteration in the behaviour though, the marketers try to make the product as widely accepted as possible. Brands are designed to attend to customers' needs and desires and customers are

always looking for something that provides something in excess (Belch, 2006). This aspect cannot be drawn because a large part of the population gives more weightage to price while some consider Packaging as the most attractive features and some go for quality and so forth. Physical product attributes have their own influence towards customers.

6.2.2   *Understanding Consumer Perception for Branding*

Branding is one of the most important elements of a business these days since every product or service as provided by the respective organization is aimed towards creating a difference due to which the organization wants its identity to be known in the form of the product that is being provided to the people and the utility that it accompanies. As said before, consumers have their own preferences and with a large consumer base, the preferences are large as well. There are different factors that influence the consumer perceptions and these are listed below:

- Brand equity (Price)
  It has been referred to, as a factor that drives consumer perception because it is the value that the customer is ready to pay against the amount of benefits that the customer receives (Brymer, 2008). Brand equity comes from the brand's knowledge about consumers and since the brand is designed to cater the needs of the consumers, the consumers perceive the brand positively (Aaker, 1991). Brands make their way in to the lives of people through providing high degree of quality products and utility that the consumers appreciate. This factor implies that

the brand which the consumers prefer and, are aware about, has more positive brand equity. (Keller, Conceptualizing, Measuring, and Managing Customer-Based Brand Equity, 1993)

- Brand recognition (Loyalty)

A consumer is taken as a person with a valid cognitive ability to differentiate between various commodities. Cognitive ability is mentioned here because the consumer is able to store the brand messages in the long term memory which can be recalled by a visual aid. Observation is what most people rely on to identify and recognize a specific commodity or a brand (Keller, Strategic Brand Mangement, 2008). Brands that the consumers are frequently exposed to, make their way in the long term memory of the consumer, and can be recognized in a positive or a negative sense. This recognition helps them build a perception about the brands that prevails while it comes to make the purchase. In this study we have tried to find out the buying behavior of the consumer in respect to brands.

- Brand associations (Appeal)

As mentioned before, brands are directed towards a consumer's cognitive ability. The consumer perceives the brands as a wholesome entity and specific elements such as the logo, tagline, and brand mantra are not taken as separate elements but instead, they are taken as complete package which causes the customer to make a preference or otherwise. Brand association here means that the brand is being associated with a specific event, feelings, emotion or a benefit (Diller, Shedroff, & Rhea, 2006). Once the association is set up, the perception of the consumer

does change since the customer starts to own the brand and links the brand to him/herself.

- Brand promise (Quality)

  It is the projection of what the brand holds as a vision. A vision which the marketers plan out for the brand is a brand promise, which des not only signify what the brand wants to be, but also what the brand wants to do for the end-users. Every brand promotes a product or a service which it endorses as its own and endows it with a specific specialty that the brand upholds (Keller, Strategic Brand Mangement, 2008). This product has a promise associated with it in reference to what it wants to do for its users and how it might benefit them in the longer run or with continual usage. A food brand comes with a promise that it provides farm freshness to the user and portrays organic growth which the consumer perceives as the ultimate projection of health and natural process which might be used to produce and promote the product.

6.3 Factors that Influence Consumer Perception

Consumers take stimuli from the environment and the variables that provide these stimuli can be different for different customer types. The different perceptions of customers are justified as these customers belong to different demographic groups and different segments that are being provided with these products. Some of the major variables and the level of indulgence is discussed in this area.

6.3.1   *Price and Loyalty*

Brands and private labels fall under the same category except for different sources in the literal sense of the

word. Customers get affected by the price and the loyalty factor towards a brand. Loyalty is induced by a repeated purchase which gives off consistent benefit to the user. Price becomes a factor that influences heavily on perception, if the customer is shopping for private labels and if the customer belongs to a low income consumer group. Also, customers with a higher age group would look for the price factor given they are opinion leaders for households.

Brand Loyalty is another aspect that customers do respond to, when they believe the product is offering what they desire. Brand loyalty always arises from a connection that the brand establishes with the customers. One thing that needs to be highlighted here is that the private labels which normally sell out on the basis of price also induce loyalty in the customers (McCune J. , 1994). So loyalty comes with a competitive price and not the other way around. This was the purpose of private labels when they gained fame in the 1980's.

6.3.2   Packaging and Appeal

In private labels, packaging and appealing customers is partially important since there are visual elements that the customers link together with the overall picture. The outward expression of the brand has to be aligned with the core benefit of the product. For example, Green color signifies freshness and natural products, and it is better to use it in products that come with a tagline 'farm freshness', similarly, grey and black color signifies class. As the market is quite diverse, and multi-cultural, the meanings associated to colors are quite different in various cultures. Packaging does offer a perspective which

compels different consumers to choose among products, however, the primary reason to buy a product, in case of private labels is to get maximum benefit for the best price (Banerji & Hoch, When do private labels succeed?, 1993). If two products with the same price and utility are placed, then obviously the one with better appeal will be chosen. Packaging and appeal cast a shadow, which attracts customers but among the two, appeal is more important than packaging. Appeal refers to brand associations that a consumer makes and that enforces them to make the purchase. (Bellezi L. , Hamilton, Krueckeberg, & Martin, 2010)

6.3.3   *Quality and Quantity*

Quality and quantity are two very major factors that have been in the discussion of experts for a very long time. Quality of the products is equally important to the quantity that is being acquired for a specific price. Among the two, one factor which is being highlighted in the private labels is the quality, which is preferred by the consumers because they are looking forward to buy a comparatively high quality product for a relatively low price, when compared to manufacturer brands. It would be safe to say that both quantity and quality are important but as the findings will show, that quality sure is the primary concern when buyers make the purchase.

In a survey, interestingly it is found that because of the above discussed variables people may choose other brands which might not be a good aspect for a particular supermarket. The findings of the survey are listed and drafted in tables which are follows:

69

6.4 Findings

The survey was conducted in the facility of Metro Cash and Carry Islamabad and there were a total of 100 samples taken out of the total population that visits the facility. The survey went on for two days and some alterations were made to the mode of contact with the consumers since the facility had strict rules for approaching customers. However, the findings were taken down and analyzed to map a considerable proportion of the consumer perceptual system.

Q1. Do you consider brand name while shopping at Metro?

This question was drafted to map out the original mind set of the consumers and to know whether they were initially interested in shopping for brands or just the product. The findings were:
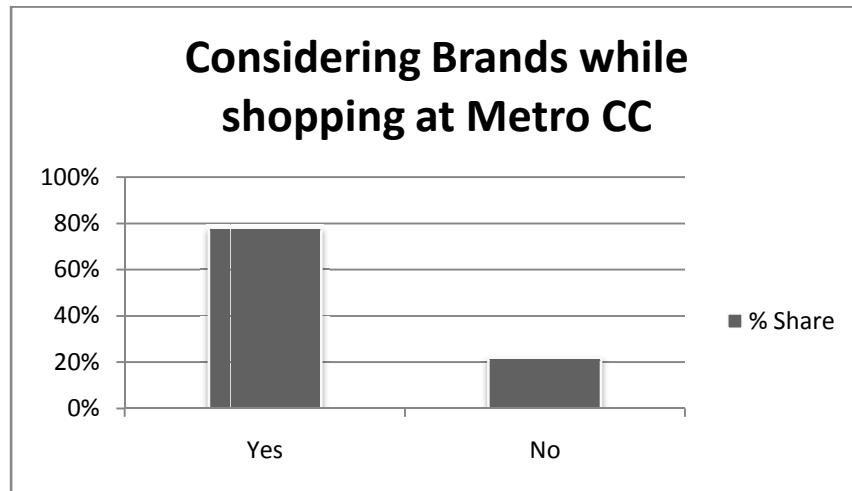

Figure 6-1: Considering Brands while shopping at Metro CC

Response	% Share
Yes	78%
No	22%

Consumer Response Table 6-1

Q2. Do manufacturer/national brand attract you more or private label brands?

It is important to understand what attracts the consumer which drives them to purchase an item. The items can be marketed in a certain way or might be present in the sensory register of the consumer.
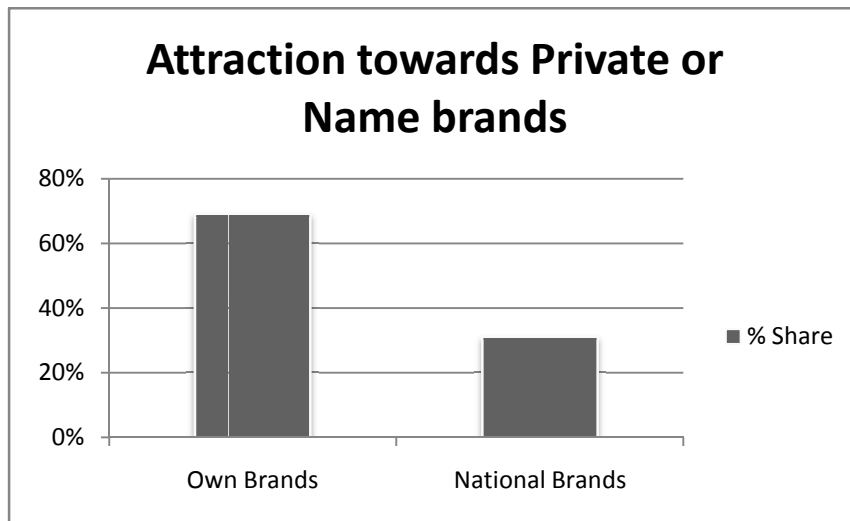

Figure 6-2: Attraction towards Private or Name brands

Response	% Share
Own Brands	69%
National Brands	31%

Consumer Response Table 6-2

Q3. What is your preference level for the following while choosing branded products?

Customers prefer certain brands over others so the preference level of the consumer signifies a lot about how they make their decisions for buying.
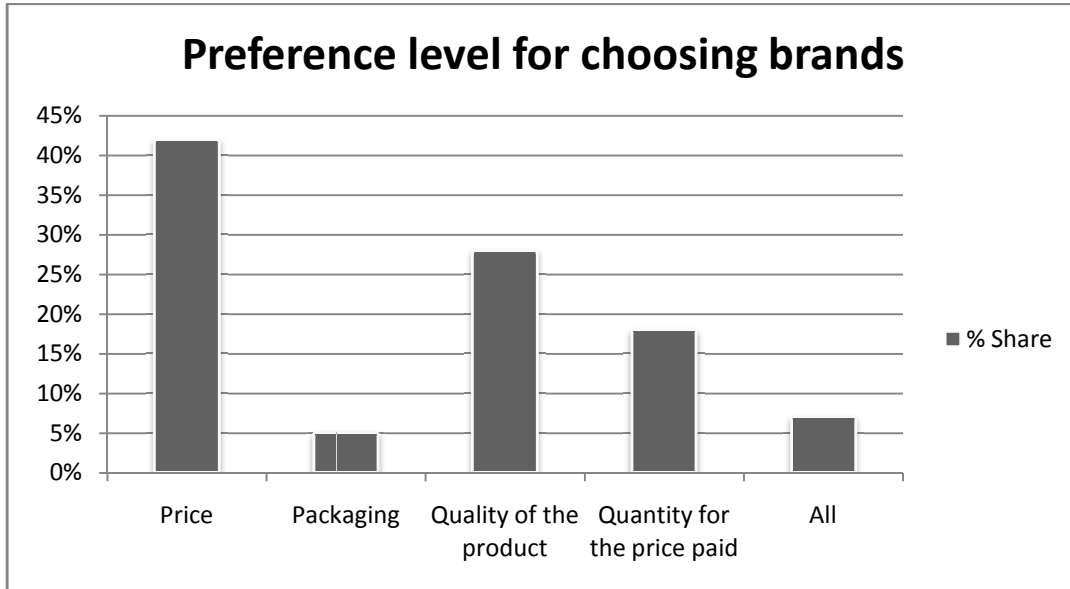

Figure 6-3: Preference level for choosing brands

Response	% Share
Price	42%
Packaging	5%
Quality of the product	28%
Quantity for the price paid	18%
All	7%

Consumer Response Table 6-3

Q4. Why do you prefer private brands?

This question was designed to identify the reason which the customers believe to be the reason to choose a private label brand. The respondents were informed about the concept of private labels when they weren't aware of the concept.
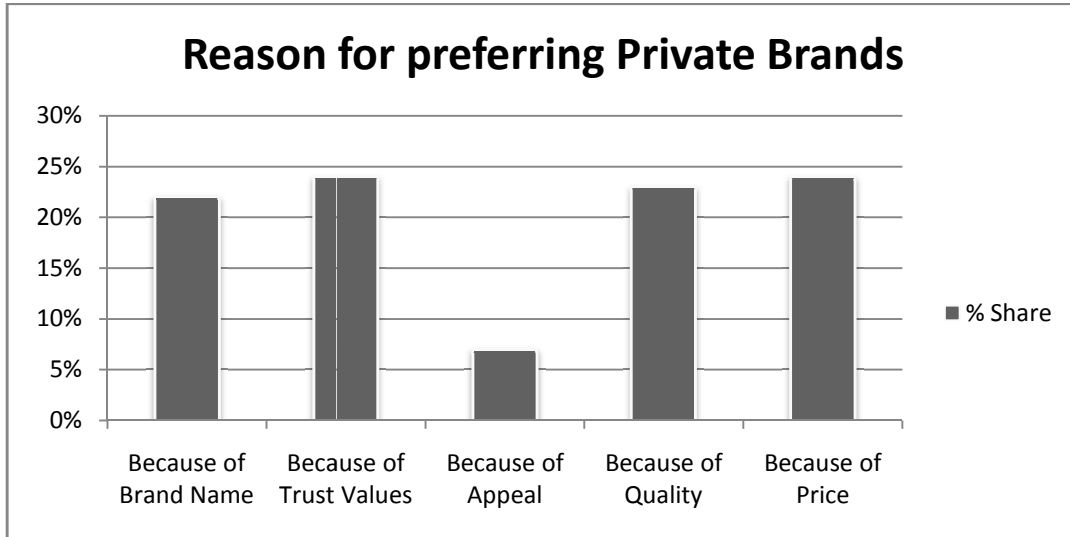

Figure 6-4: Reason for preferring Private Brands

Response	% Share
Because of Brand Name	22%
Because of Trust Values	24%
Because of Appeal	7%
Because of Quality	23%
Because of Price	24%

Consumer Response Table 6-4

Q5. Would you like to choose similar products from other brands?

This question was designed to see how they relate to a brand. It was important to identify if they were loyal to the Private labels marketed by Metro CC.
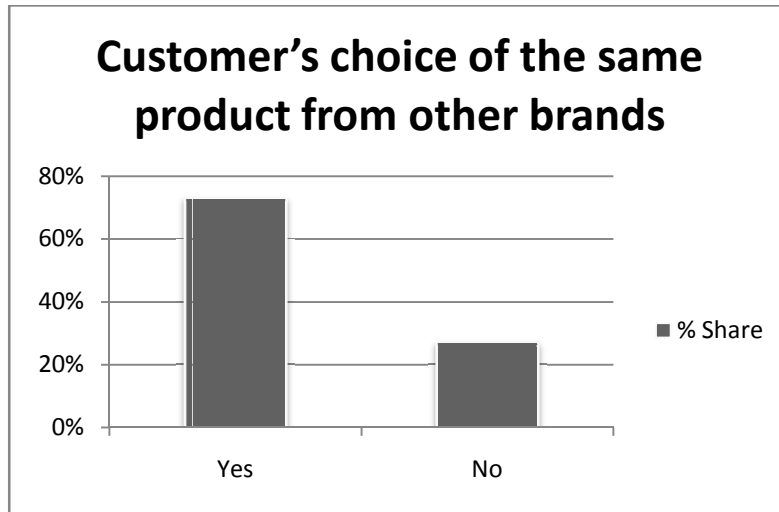

Figure 6-5: Customer's choice of the same product from other brands

Response	% Share
Yes	73%
No	27%

Consumer Response Table 6-5