

Customer Satisfaction On Private Label

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Abstract - Private label is becoming a tool of a differentiator in customer satisfaction. This paper theoretically explains the current aspects of a private label like customer expectations from the retailers, important challenges faced by the retailer, advantages of private labels to the customer and retailer, Elements of private label for customer satisfaction and important private label players in retail.

Keywords - Private label, Customer Satisfaction, FMCG (Fast Moving Consumer goods), Retail industry.

I. Introduction

The paper highlights the customer satisfaction over the private label in FMCG (Fast Moving Consumer Goods). Customer satisfaction is a term heard frequently in Marketing. Customer satisfaction is very important to any kind of product producer or service providers. Companies measured and compared themselves how customer satisfied with their product and service. They rank and standardize themselves as best with more number of satisfied customers in the market. Satisfying the customer is a key indicative factor for any business. All business strategies are made of on the satisfaction level of the customer. The products and services are going to be there, as far as needs and want to exist in the human world. In the current market, there are different branded products are available. Some of them don't have any brand. Some are branded by the company themselves as known as National Brands; few others are branded by middle-men or retailers, these are known as private labels.

Objectives of the paper

- Understanding the current scenario of the retail industry in theoretical perception
- Observing the changes taken place in the retail industry
- Knowing reasons for the growth private label
- Finding the current situation of the private label in India

Methodology

Source of data: The present paper is based on only on secondary data collected from different articles published journals, websites, news articles published newspapers.

Framework of paper: Paper aims to understand the consumer perception and satisfaction on private label brand. Paper is developed based on the secondary data only.

Private Labels in Retail Industry

FMCG can be expanded as fast moving consumer goods. These goods required more frequent replenishment in the racks of the retail outlets. There is a number of producers competing in the national brand FMCG products. Private label is known as retailer brand or middlemen brand. Private label is gaining more attention in the current market scenario. Private labels were a mere substitute for the National brands. Private labels mostly made by third-party or contract manufacturers for the whole seller or retailer. Private labels are cost effective to produce than a national brand producer. Most of the well-established retailers using the help of outside manufacturers, they produce a product to satisfy both cost-conscious shoppers as well as premium-product consumers. Few retailers offered more than one category products in their retail outlets, few retailers they are one step ahead in the form organic and eco-friendly products. Private brands can be seen in every related product and services. Private labels became more prominent in the apparel industry, and with online sellers.

Customer Satisfaction

A customer is a person, who bought products for self-consumption or usage for his household usage. Customer calculates the value with product benefits divide with a price. Customer satisfaction is a measurement for the success of a company product or service reached the expectation of the customer. History reminds us, 'a satisfied customer is a loyal customer'. Customer satisfaction is a key performance indicator for any business. Holistic businesses are giving importance to their business strategies. The customer became part of the organization in the decision making of the organization. It shows, customer satisfaction importance in all levels of business administration and management.

II. FMCG Retailer challenges

The retailer's searching for new approaches to reach complex customers base. Retailers are getting tough competition in the market. Foreign direct investment opened the gates for international players in India. The U.S based Wal-Mart acquired Flipkart.com to start their operations. Swedish based retailer IKEA has started the first outlet in Hyderabad. Well established organized retailers like Aditya Birla's Pantaloon and More, Reliance, Future groups, Raheja group, and D-mart etc., are trying to make their mark on Indian retail customers with national brands and with their private labels.

Most important challenges to retailers are as follows below

a. Customer buying experience

Retailers are facing the main challenge in the form of customer expectation on experiencing the service. Due to heavy competition and development of e-commerce customer wanted online shopping experience by clicking one button. Due to this brick and mortar retailers are facing tough competition by the online retailers. Online retailing got more momentum in the current situation. Private labels also started getting recognized by the customers due to the experience provided by the brick and mortar retailers. Few customer segments demanding private labels in premium products and also cheaper in price with high-quality products. Retailers started recognizing the importance of experience through related private labels to the customer. Try to showcasing different category product private labels to different customer bases.

b. Customer loyalty

Satisfaction of the product is the key for the loyalty. A satisfied customer is equal to a worth of positive advertisement for the retailer or a company. But making a satisfied customer is not a mere feat. Understanding customer needs and fulfilling accordingly can make 50% satisfied customer only the other satisfaction reasons are the availability of the product in expected quantities, with expected quality varieties, discounts, offers, reasonable prices and experience of the service provided by the retailers plays vital in the satisfaction. Customer value proposition made through private labels by customizing products and services accordingly. To make a customer loyal to the business is possible to make the customer as a partner. Customer relationship is also an important factor to consider for loyalty. Membership programs, giving old customer advantage in the form of providing credit etc. are also a help for the loyalty of the customer.

c. Growing expensive marketing infrastructure

Due to real estate boom, it became so difficult to own the land and start the retail outlet in the metro cities, two-tier cities, and town. To satisfy over spread customer in the country required a number of channels distribution. Private label retailers depend on local manufacturers and distributors to make the product available in the outlet. Infrastructure, amenities, parking place, customer service are also very expensive in nature for the retailers. Recruiting skilled personnel for the jobs, training employees for the development, compensate them accordingly is another in the expenses.

d. Ever changing demand of the customer

The customer is evolving by days as new technology and demographic groups in the market. The customer wants products and services on their terms and will always interest to develop a relationship with the retailer. New Generation customers looking towards retailer brand, competitive pricing, demanding product information and looking at social responsibility fulfillment by the retailers. The trend towards traditional advertisement has also changed to social media. The successful retailer is modifying their approaches towards as for market change.

e. Brand as the differentiator

The customer is more aware of the brand, due to promotional media and social media. Media has a great influence on customer purchasing activity. Rapidly growing towns, generations changes, lifestyle leading approaches got changed. The customer is stressing on brand with every product and service. Retailer tries to differentiate services and products with his private label. Retailer tries to show the difference between product and price comparatively national brand. Retailer private label recognized as premium or economic product in the current market condition.

III. Expectations of Indian customers

Indian customer was more orthodox comparatively developed nations. Customer expectation towards retailer was very limited. The current situation has changed due to technological development. The customer is connected with the world through his mobile connectivity to the internet. All changes and modifications are known through social media, information portals, and company websites.

i. Customer sensitivity towards price

Technological boom has changed the expectations of the customer. The customer is more aware of the price changes in the market and became more prices sensitive. Retailers should understand customer change; provide product and services with the quality for low price. The retailer should modify business techniques and tactics to modern approach and should not raise the price.

ii. Availability of the product

Current trend customer is looking for a good experience through shopping. Traditionally, the customer was not much aware of products availability and service. But the current customer is smart and sensitive towards change that took place in the retail segment. The customer is expecting all sort of products should available under one roof with a minimum price. The current customer usage pattern also changed due to globalization, disposable income and lifestyle of the customer. Sometimes, the customer is ready to perceive new experiences without minding of price too. The retailer can attract the customer through low prices or giving a good experience through service. Maintaining a number of varieties of merchandise with a lower price is the expectation of the customer.

iii. Omnichannel service expectation

Providing service to the customer through multi-channels is creating confusion, in the manner of sending multi messages to a single customer. The customer is getting confused and irritated due to repetitive messages. To put a check to the situation retailer should follow Omni channel service. Omnichannel retail combines physical and online commerce. Visiting customer of brick and mortar showroom can observe and check price changes on online and take a decision to buy a product. The retailer can provide customized product and all services through single identification of the customer. Customer will get unified service by online or brick and mortar outlets, the service can extend through websites, mobile apps, and social media.

iv. Checkout experience

According to information published on online website xtalk.com, most of the customers showing disinterest due to poor checkout experience. People have to wait hours to billing in the outlet is causing customer dissatisfaction towards the retail outlets. Due to this reason, a customer is much interested to buy the products online. On online customer don't have to wait for hours for checkout. If retailers can solve this problem, the customer can experience shopping its retail outlets.

v. Expected promotional awareness

The promises retailers may create an expectation through an advertisement or sales promotion, can lead to a successful brand of the retailer. Customer expected continuous service like customized promotional activities through Omnichannel. The customer wanted to know changes taken place in retailer's business. Product discounts offer made by retailers by seasons shows a great impact on sales. This information should be communicated from time to time with the customer.

vi. Customer Service in a retail outlet

Customer expectation on minimum service like attending customer when visit, guiding the customer in retail outlet etc. Most of the retail outlet they fail in this aspect due to lack of employee number and non-trained employees. Customer who faced difficult experience from parking to checkout is not interested to visit outlets. To make effective customer service can lead to loyal and satisfied customer.

IV. Role of private labels in Customer Satisfaction

Organized retailers private labels are gaining more customer base by days. The retailer wanted recognition that can impress the customer be loyal to the outlet. Private label is a perfect instrument to reach retailers loyal customer base. In the year of 2000s Private label was a mere substitute for the national brand. Now current customer considered the private label as great competition for the national brands. Indian current retailer customers are moderately aware of the private label. Using of private label by Indian customer percentage is very limited. The percentage is increasing day by day.

The advantage of private labels

- A number of product lines can be maintained by retailers on their own can shows the impact on cost-conscious and premium consumers.
- The retailer can change product features according to the needs of local customer taste.
- The retailer has been more control over third-party manufacturer's operations in the form of quality and ingredients.
- Private label brand can create a brand image and goodwill for the store.
- Being unique in the market, Private label brands are making the customer as loyal to the outlet.
- Providing goods with the lesser price for higher quality is feasible to make more profits than national brands.

V. Elements of private label for customer satisfaction

Product price of private label

Private label product price is comparably very less with the national brand. The retailer provides a good quality product for lesser prices to the customer, to make customer accustomed to the national brand to private label. The retailer can provide a good quality product for lesser price due to manufacturing control is in the hand of the retailer.

Private label product quality and features

In the current market private label gaining great momentum, its quality aspects and price level with features. Private label has grown substitute level to a main picked product. The quality and features are comparably equal and sometimes more than national brands. These reasons are creating more interest in the customer to pick the private labels.

Availability of private label product

Private label products are retailers own brands. These brand products are exclusively available with that retailer only.

Key players of private label retailers in Indian Market

Company	Private Label
Spencer's: (Hyper marts)	Spencer's finest (Gourmet food), Smart spencer's choice, Tasty wonders, Trusted value (food), Care & Essentialz (Personal care).
Dmart: (Hyper marts)	Dew & Chandan (Toilet soap) Dhome (Food product, electrical products), Premia (Pulses) Swaad (oils).
More: (Supermarkets)	Kitchen's Promise, Selecta, More (Food products &

	cleaning agents), Feasters (juices), Prarthana (agarbattis).
Reliance: (Hypermart), (Hypermarket and grocery store)	Good life, Select, Arambh, Healthy life (food and grocery) Expelz, Shinz, Mopz, Scrubz, Enzo matic (Washing & Sanitary products), Masti Oye (Namkeen), Reconnect (Electrical Products).
Nilgiris: (Super market)	Nilgiris (Dairy products, rice, grocery & bakery items)

Conclusion

Private label products are gaining more momentum in the current scenario of marketing. Private label is becoming cash cows to the retailers in European countries and the U.S.A. in India the private brand level awareness is gaining day by day. By observing the current changes in the Indian market, the future may expect growth for the private label.

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