THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Study of Brand Preferences of Kids in Buying Packaged Food Items in NCR Region

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Abstract:
Brand preference reflects a desire to use a particular company's product(s) or service(s) even when there are equally-priced and equally-available alternatives. In fact, more often than not, brand preference indicates a desire to seek out a specific product or service even when it requires paying more or expending more effort to obtain it! Brand preference is important to companies because it provides an indicator of their customers' loyalty, the success of their marketing tactics, and the strength of their respective brands. To find out the preference level of some of the private label brands in packaged foods segment, the two types of research methods used were Primary research and secondary research. It was measured among the customers across various demographic segments. Primary research used involved a survey for a sample size of 300. 60 respondents each were surveyed outside 5 malls in NCR region. The hypotheses formulated were tested using parametric and non-parametric tests. A detailed analysis was done. The study reveals that there is weak correlation between the private label brands and the national brands of packaged food items with respect to attributes. Further it is interpreted that the image of the store or parent brand has an impact on the kids buying decision of private label food items. Private label brands scored more on taste and variety attributes than National brands.

Keywords: Brand preference, kids segment, national brands, private label brands, packaged foods

1. Introduction

Brand preference is one of the indicators of the strength of a brand in the hearts and minds of customers, it represents which brands are preferred under assumptions of equality in price and availability. It is a measure of brand loyalty in which a consumer will choose a particular brand in presence of competing brands, but will accept substitutes if that brand is not available.

Kids represent an important demographic to marketers because they have their own purchasing power, they influence their parents' buying decisions and they're the adult consumers of the future. Industry spending on advertising to children has exploded in the past decade, increasing from a mere $100 million in 1990 to more than $200 billion in 2012. According to ASSOCHAM press release (Nov. 26, 2011), Kids food industry is going to be worth Rs. 80,000 crores by 2015. According to this report, the industry is growing at CAGR of as high as 20% and is currently Rs. 38, 000 crore.

Today, in every category, retail outlets are aggressively stocking private label products next to national brands, and often using private labels to attract customers into their store. From packaging down to performance, private labels are giving the national brands a tough competition. It becomes important to understand how the private label brands can build their brand equity to lead to better brand preference thus, leading to increased sales.

2. Literature Review

Consumers appear to have high willingness to pay for particular brands, even when the alternatives are objectively similar. The majority of consumers typically buy a single brand of beer, cola, or margarine (Dekimpe et al. 1997), even though relative prices vary significantly over time, and consumers often cannot distinguish their preferred brand in blind "taste tests" (Thumin 1962; Allison and Uhl 1964). Consumers appear to have high willingness to pay for particular brands, even when the alternatives are objectively similar. Lincoln and Thomassen (2008, p. 6) define private label simply as, "brands owned and sold by the retailer and distributed by the retailer." As the practice of private label development increased over the years, academics began to investigate different aspects of its effectiveness from supply-chain, firm and consumer perspectives. Within this body of work, consumer research focused primarily upon the interplay between store loyalty and private label choice (Ailawadi et al., 2008; Corstjens and Lal, 2000;) and the consideration of national versus private label brands (Ailawadi et al., 2001; Batra and Sinha, 2000).

The store atmosphere and store quality positively influence the perception of PLB's quality, whereas, the congruence between national brand and store image (NBSI) has a negative influence on PLB's quality. In comparison, the store quality, store convenience, store price/value, and the congruence between NB and PLB have a positive influence on the affective dimension of the PLB image, whereas, the congruence between NBSI has a negative influence (Archna Vahie and Audhesh Paswan.,2006)

Branding food packages with licensed characters substantially influences young children's taste preferences and snack selection and does so most strongly for energy-dense, nutrient poor foods. (Christina A. Roberto and Kelly D. Brownell, 2010). Over half of all fast-food restaurant expenditures for marketing to children are spent on toys or premiums to distribute with children's meals as children shape their preferences based on free gifts and offers (Otten JJ, 2010). Branding of foods and beverages influences young children's taste perceptions. Thus, it is useful strategy for improving brand preference among kids buying decisions in food category. (Thomas N. Robinson and Donna M. Matheson,)

3. Research Design

3.1. Research Objectives
- To find the impact of national vs private label brand on buying of packaged foods by kids
- To find the difference between quality perceptions of national brand personal vs private label brand in packaged foods
- To find the impact of brand's image on kids' buying decisions for packaged foods
- To find out the factors those influence the kids to buy packaged food items.

3.2. Tool
Structured Questionnaires were administered using survey method to gauge the buying behavior of respondents while choosing branded packaged food products over private label ones.

3.3. Sample
Sample Size: 300
Sampling Method: Quota Sampling
No. of Female Respondents: 150
No. of Male Respondents: 150
Age groups surveyed: 6-8, 9-11, 12-14

3.4. Data Collection
Survey was conducted using Questionnaires as a tool outside 5 malls in NCR namely, Shipra Mall, TDI Mall, Pacific Mall, Promenade Mall and TGIP Mall,

4. Data Analysis

4.1. Hypothesis 1
H0 - There is weak correlation between national brand and private label brand while buying packaged foods
HA – There is strong correlation between national brands and private label brands while buying packaged foods
In order to prove the following hypothesis, first the correlation among the consumers of the private label brands and national brands were found out for the attributes.
Using Pearson's coefficient of correlation and spearman's rank correlation, it was found that

		Private	National
Private	Pearson Correlation	1	.360[**]
	Sig. (2-tailed)		.000
	N	300	300
National	Pearson Correlation	.360[**]	1
	Sig. (2-tailed)	.000	
	N	300	300

Table 1: Correlations
**. Correlation is significant at the 0.01 level (2-tailed).

			Private	National
Spearman's rho	Private	Correlation Coefficient	1.000	.102
		Sig. (2-tailed)	.	.077
		N	300	300
	National	Correlation Coefficient	.102	1.000
		Sig. (2-tailed)	.077	.
		N	300	300

Table 2: Correlations

As per the research findings, there is weak correlation between private label brands and the national brands with respect to attributes in packaged foods category. It means that the kids do not give importance to the same set of attributes while purchasing the private label brands and the national brands.

4.2. Hypothesis 2

H0: National Brands will not score more on attributes related to quality than private brands.

HA: National Brands will score more on attributes related to quality than private brands.

Excel sheet was used to apply a two tailed Z-test to prove this hypothesis. When applied in excel, Z(cal) for the better quality attribute was 1.98 whereas the standard deviation was 1.40 for the sample size of 300,

- Interpretation: The null hypothesis is rejected and the alternative hypothesis is accepted since Z(cal) is greater than Z(crit) and as in a two tailed Z-test, the critical area is between -1.96 to +1.96, and the Z(cal) for better quality, as per excel sheet results is 1.98, which does not fall within this area.

The most important reason in case of buying private brands for packaged food items is taste as 96 kids respondents out of 300 mentioned that taste is the most important attribute for them when purchasing private label brands, 87 kids said it is free gifts and offers that they look for, followed by 63 kids who said choice of flavor and 39 of them said store image of the private label brand and just 15 of them said that they are looking for more variety of choice while purchasing private label brands.

4.3. Hypothesis 3

H0: Brand image of the national brands do not have an effect on kids buying decision.

HA: Brand image of the national brands have an effect on kids buying decision.

To test whether brand image has any impact over purchase decisions, Chi-Square Test was used.

	Category	Brand Image		
		Observed N	Expected N	Residual
1	Yes	240	150.0	90.0
2	No	60	150.0	-90.0
Total		300		

Table 3: Frequencies

	Brand Image
Chi-Square	108.000[a]
Df	1
Asymp. Sig.	.000

Table 4

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 150.0

The null hypothesis is rejected and alternate hypothesis is accepted as the critical value is 3.84 with the degree of freedom (d.f) of 1 and significance of 0.05 and the calculated value of 108 is greater than the critical value. Therefore it can be interpreted that the brand image of the packaged foods has an impact on the kids buying decision.

4.4. Hypothesis 4

H0: Private label brands of packaged foods will not score more on attributes related to pricing than National brands.

HA: Private label brands of packaged foods will score more attributes related to pricing than National brands.

To prove this hypothesis, a two tailed Z-test was applied in excel. Z(cal) was 2.05 whereas the standard deviation was 1.41 for the low price attribute in the study of sample size of 300.

- Interpretation: The null hypothesis is rejected and the alternative hypothesis is accepted since Z(cal) is greater than Z(crit) and the calculated value of Z for low price, through excel sheet, i.e. 2.05 which does not fall within the critical area of two-tailed Z-test which is between -1.96 to +1.96.

5. Findings

5.1. Awareness

- 17% of the kids surveyed were not aware of private label brands present in packaged foods category

Of those aware of private label brands,

- Gender Wise Distribution
  - ➢ 56% were females and 44% were males
- Age Wise Distribution
  - ➢ 31% lie between the age group of 6-8 years
  - ➢ 28% lie between the age group of 9-11years
  - ➢ 41% lie between the age group of 12-14 years

5.2 Purchase Decisions
- Purchasing the private label brand
  - Only 63% kids purchase the private label brand (52% females, 43% males)

5.3. Factors Affecting Purchase Decisions
First preference among various attributes was marked as

Taste	-	32%
Free gifts and offers	-	29%
Store Image of private label brand	-	21%
More Variety	-	13%
Any Other	-	5%

5.4. Factors Affecting Preference of Branded Apparel over Private Label Brand
Various attributes ranked on the basis of their relative importance in purchase decision of branded apparel over private label

Better Quality	-	31%
Brand ambassador	-	15%
Competition among Peers	-	11%
Marketing Communication	-	12%
Brand Image	-	27%
Any Other	-	4%

6. Discussion and Recommendations

Mostly, ie 83%, of the kids sample observed were aware of private label brands with the awareness level being higher in females, 52% than in males 43%. Moreover, on the basis of age, the age group of 12-14 years recorded the highest level of brand recall and hence brand preference for all the premium retail outlets as compared to the other age groups.

Taste, free gifts and offers and variety related attributes can draw in more kids to the stores as they associate the private label brands with these three attributes. It will create brand awareness among them and once brand awareness is created, it will automatically increase brand recall and hence a higher degree of brand preference.

Kid Respondents, in some of the cases, misunderstand the retail outlets itself as brands. So it is important for the retail outlets to create brand salience of their private labels by focusing more on taste and value related attributes as it was found out from the research.

The research reveals the the following insights for private label brands:
- High level of credibility which brands develop through years of marketing and promotional activities, excellent services and word of mouth, are important factors for customers. Therefore, to attract customers to purchase private labels, it is important for the store to build a strong brand name for itself to pursue them for the first purchase.
- Salesmen play a major role in influencing the customers, by giving them proper cues to aid the purchase of customer. They can justify a private label to a customer and induces him/her to make the purchase.
- Earlier prices used to be the only Unique Selling Proposition for the store brands, but now other things like efficient after sales support by the retailer for it's in- house brands, etc. are also becoming an important parameter to consider by the customers.

7. Limitations of the Study
- Sample Size: The sample size was limited to 300 kids respondents i.e between the age group of 6-14 years
- Geographic limitations: The sample surveyed was limited to NCR region.
- Specific Industry: The study is done for packaged foods segment only. Thus, it focuses on the consumer decision making parameters, while purchasing packaged food items by kids only. Although some inferences can be generalized, some cannot be. This also limits the application of the study to the food items market only.

8. Managerial Implications

Packaged food items are usually low margin low value products. In such a competitive environment, it becomes indispensable for companies to develop strategies and methods to sustain their position in the market and to generate higher profit margins. Retailers can achieve it with the help of private labels. Therefore, private labels form an integral part of company's overall strategy and objectives.

In order to achieve thus, the retailer has to focus on developing the store image as it is found there is a positive correlation between the store brand image and sales of private label brands of packaged foods. The researcher identified another important aspect in this study which was the importance of awareness and knowledge about the brand. For private labels, brand refers to the retailer itself and so, the retailer has to strive to build a strong brand name which itself will promote its private label. Sales personnel in the store also play a key role in promoting private label items through personal selling interaction process. Other contribution in making a customer choose private label over national brand is the past experience of the customer with the brand, which can be positive only if a good quality product is provided. Here, the experience plays a pivotal role due to absence of direct advertising of private labels in most cases.

Thus, retailer has to train its salespeople to focus on effective influencers, and also deliver high quality products. This is because the quality has a positive correlation with the store image, and providing a poor quality product would only prove detrimental for the store image.

9. Future Scope

The paper discusses the factors influencing the purchase of private labels in packaged food items. The study is of utmost importance for the retailers who intend to increase their store brands acceptance in the market. As in the present competitive market store brands act as a differentiator, giving companies a competitive edge, most of the retailers would come under this category.

However, at present the research is restricted to the packaged food preferences in kids category, need arises for further research for covering other sectors by all age groups of customers. This will be able to generalize the proposed parameters across industries as well as different formats. Further research can also be conducted to correlate the consideration of these parameters based on adult customer's socio-demographic profiles for various other categories of products.

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