

Economic situation
malaysians attitudes
towards private label
brands marketing
es...



**ASSIGN
BUSTER**

The term of “ Globalisation” is a very common word in business world. Many businessmen are trying hard to market their product to other countries.

Globalisation becomes an important issue in the world today and eventually it leads to the increasing number of competitors among retailers by doing trade globally. In order to become an outstanding firm from other retailers, established a competitive advantage is an important criterion for any competitive strategy (Walsh and Mitchell, 2010). Retailers use different methods to achieve competitive advantage. The most important elements of retail branding is private label brands (Glynn and Chen, 2009). According to Levy (2009), it is easy to find out that private label brands available in almost every retail product category and it is one of the competitive strategies that retailers used to achieve competitive advantage. Private label brands have reached another level in the appearance of many products categories such as grocery, household chemicals, clothing and cosmetics (Veloutsou et al., 2004). Private label brands can be a crucial component of competitive advantage especially in an economic recession (Walsh and Mitchell, 2010). Economic downturn will lead to the changes in shopping patterns.

Private label brands are products that are produced by retailers and sold under the retailers’ own name through their own retail outlets (Baltas, 1997). Private label brands have grown in many countries and product categories in the last few decades (Connor et al., 1996). According to Lupton et al. (2010), private label brands have established their market in the United States and Europe in the past few decades. The consumers tend to perceive private label brands as a substitute or choices to the national brands (Lupton et al.,

2010). Private label brands have built their own markets and becoming more popular among the consumers in the world (AC Nielsen, 2006).

According to Morris (2002), the most successful retailer has more private label branding strategies and the retailer is normally the stronger firm. Retailers with strong private label brands will have better financial results (Morris, 2002).

Malaysia, as a middle income country and one of the most developed in the developing countries, has transformed itself from a producer of raw materials into a multi-sector economy (Economy Watch, 2011). According to Economy Watch (2011), the population of Malaysia is 28.713 Million. In the following year, 2012, population of Malaysia will be 29.20 Million, which is more than the figure in year 2011 (Economy Watch, 2011). The increasing of population in Malaysia will encourage the development of retailing and will boost up the purchasing power of goods. Yelkur (2000) found that the success of private label brands is varied from different nations, such as in the United Kingdom, private label brands have successfully gain a large portion of grocery sales, but in the United States the proportion of purchasing private label brands is relatively low if compare to branded products. Developing countries are being exposed to private label brands and are becoming more aware of their benefits (Collins and Bone, 2008). According to Collins and Bone (2008), the growth of private label brands in developing countries, such as Malaysia, is still remaining low.

Private label brands continue to steadily increase their share in the marketplace. According to A. C. Nielsen (2005), the private label share of

refrigerated food is 32%, paper & plastic is 31%, frozen food is 25%, cosmetics is 23%, pet food is 21%, health care is 14%, non-Alcoholic beverages is 12%, snack is 9%, personal care is 3% and others.

There are few hypermarkets in Malaysia selling their private label product, such as Giant, Carrefour, Tesco and Tesco Extra (A. C. Nielsen, 2010). These hypermarkets provide their private label brands in many product categories. For example, Tesco offers Tesco Finest as their private label brands (Morris, 2004). This Tesco Finest private label brands has include the product category of non-Alcoholic beverages. Morris (2004) mentioned that the strong private label brands in Tesco have become the key elements of Tesco's success. Tesco's private label brands generate 55% of the total sales in year 2004 (Morris, 2004).

Apart than that, even though there is an amount of studies on private label brands, there is no specific research based on the Malaysian's attitudes towards private label brands. Nowadays, retailers' own brand becomes an alternative of consumers. According to Veloutsou et al. (2004), consumers have their own perception on different brand of products, each of the products has its special features or characteristics and it will affect the purchasing behaviour of consumers.

Retailers need to understand what are the main factors affecting Malaysian's attitudes towards private label brands in order to attract and convince more customers stick to the own brands (Goldsmith et al., 2010). The factors affecting Malaysian's attitudes towards private label brands include consumers' perceived benefits (Chaniotakis, 2010), price (Walsh and

Mitchell, 2010), social influences (Nelson and McLeod, 2005) and economic situation (Chaniotakis, 2010). In a recent study of private label brands (Richardson et al., 1996), some influences such as economic and psychological factors bring the effect to the purchasing rate of private label brands.

Malaysia is a country comprises of many races. The three major races in Malaysia are Malay, Chinese, and Indian. Different culture will cause different people have different perception towards private label brands. This research is focusing on the factors affecting Malaysian's attitudes towards private label brands. The factors that will be look into are consumers' perceived benefits, price, social influences and economic situation. Last but not least, it can lead us to have a better understanding toward the issue of private label brands in Malaysia.

The Background of Study

There are a few previous studies that focusing on the topic of private label brands in many countries, such as a scale for measuring attitude towards private label products and examination of its psychological and behavioural correlates (Burton et al., 1998), an investigation of the new generic consumer (Herstein and Tifferet, 2007), consumer behaviour towards own label - monitoring the Greek experience (Boutsouki et al., 2008) and consumers perception of generic products - a Mexican study (Yelkur, 2000). The definition of attitudes towards private label brands is a predisposition to respond in a positive way to private label brands and the consumer will purchase the private label brands in a more favourable way. (Burton et al., 1998)

<https://assignbuster.com/economic-situation-malaysians-attitudes-towards-private-label-brands-marketing-essay/>

The Theory of Planned Behaviour (Ajzen, 1991) which focusing on the research of attitude-behaviour consistency can explain the positive attitude of consumers who has good perception towards the brands when they are making their decision on purchase.

The rate of adoption of private label brands is not the same in all the nations (Veloutsou et al., 2004). According to A. C. Nielsen (2010), the private label brands are still not famous in all Asian markets, but only Hong Kong having a share above 5%. Private label brands of sales increased in a few countries in year 2009 compared to year 2008, but it still remains less than 5%, except of Hong Kong (A. C. Nielsen, 2010). In a recent study of retail and shopper trends, A. C. Nielsen (2010) mentioned that Malaysia has only a share of 2.3% in private label brands, Singapore has only a share of 2.8% and Thailand has a share of 1.8%. The growing of private label brands in Asian markets has to depend on how much the retailers are willing to invest in the private label brands. Retailers have to focus on the development of products and also the quality of products in order to gain a better position in the current market (A. C. Nielsen, 2010).

According to the Private Label Manufacturers Association (2010), it showed that 91% of the respondents will still buying private label brands after the economic downturn and they believe that the private label brands are just good and same quality with the branded products. The promotion and packaging of the private label brands is often similar to the branded products (Putsis and Dhar, 2001).

Problem Statement

According to Hernon and Metoyer-Duran (1993), problem statement must be precise and it contains the need for the study. The problem statement for this research is the factor that will affect Malaysian's attitudes on buying branded products or private label brands. There are some researches being conducted to find out the factors that affect the consumers' intention to buy private label brands (Walsh and Mitchell, 2010), the attribute that affect the consumers' intentions of buying own-label premium food products (Chaniotakis et al., 2010) and consumer attitudes and loyalty towards private brands (Goldsmith et al., 2010).

The globalization of business creates a lot of opportunities to the retailers and it also brings a lot of competitors to them. In this emerging world, establishing a competitive advantage is the main purpose of every competitive strategy while doing the business globally (Walsh and Mitchell, 2010). Some retailers have low store-operating cost, some have efficient supply chain management and some have a large number of loyal customers (Walsh and Mitchell, 2010). Therefore, hypermarkets tend to make some changes in order to attract new customers or to meet their existing customers' needs. To become outstanding among all the other competitors, retailers must have some unique products or services to attract more customers.

Furthermore, the technology advancement has altered the media habits from the traditional advertising method, such as billboard, to some new advertising techniques, such as product placement, in order to reach

younger generation (Nelson and McLeod, 2005). Those hypermarkets
<https://assignbuster.com/economic-situation-malaysians-attitudes-towards-private-label-brands-marketing-essay/>

required to catch up with all these changes on media habits in order to attract more customers. Besides, due to the advance technologies, people prefer to go online shopping rather than shopping in the hypermarkets. They can purchase anything online through some website, such as amazon. com.

This research not only expects that the price will be the major factor that affect Malaysian's attitudes towards private label brands, but also some other factors that will bring effect on the attitudes of consumer in Malaysia towards private label brands. Some of the consumers are willing to pay more for a branded product in order to obtain higher quality than paying a less money for a private label brand (Tse, 2001). So, it is very important for this study to find out what are the major factors that determine the attitudes of Malaysian towards private label brands.

Objectives of Study

The objectives of the research are:

To examine the relationship between consumers' perceived benefits and Malaysian's attitudes towards private label brands.

To identify the relationship between price and Malaysian's attitudes towards private label brands.

To examine the relationship between social influences and Malaysian's attitudes towards private label brands.

To identify the relationship between economic situation and Malaysian's attitudes towards private label brands.

The Scope of Study

In every research, there are independent variables and dependent variable. The dependent variable in this research is Malaysian's attitudes towards private label brands. The attitude of Malaysian is important as they are contributing the response in this research. The independent variables in this study are consumers' perceived benefits, price, social influences and economic situation.

The coverage of this research is on Malaysian. This is because there already have a few studies that focusing on other nations but there are no research are doing based on the Malaysian's attitudes towards private label brands. Besides, Malaysian seems to be likely increased their purchasing rate of private label brands in hypermarkets in these few years. Grocery sales in private label brands in Malaysia are rising.

The respondents who participate in this survey are those who used or bought any private label brands before. Only 150 Malaysian will be selected to contribute their response to this research. The author will develop a questionnaire with the different types and forms of questions, such as closed questions and negatively worded questions. By using the method of questionnaires, the attitude of the respondents will be shown.

Hence, after finding out the relationship between the major factors and Malaysian's attitude towards private label brands, it will give us a better understanding about the current consumer trend of buying private label brands in Malaysia. It helps the retailers to know which of the factor has the major influence on the people's intentions of purchasing private label

brands. Furthermore, the retailers can help them to find out what factors affecting them from losing their market share, so that they can do some analysis based on the results and make some improvement and changes.

Respondents can also benefit from this research too. They can broaden their knowledge toward the topic of private label brands. They can also know better about the current market trends and the main factor that determines their attitude towards private label brands. Then, by knowing the factors that affecting Malaysian's attitudes towards private label brands, the government can earn more income due to the increasing sell of private label brands. Besides, the government should implement some policy to help the private label brands in order to protect them from the competition of branded and national products.

Lastly, it will make contribution to the Malaysia's economy because it will help the local retailers to know which factors affecting their customer on choosing private label brands, therefore, they can make slightly changes and it will lead to the increasing number of sales. By the increasing number of sales, it will definitely lead to a rise in GDP.

Definition for the Key Terms

Attributes

Definition

Sources

Private Label Brands

Products that are produced by retailers and sold under the retailers' own name through their own retail outlets

Baltas (1997)

Perceived benefits

The degree to which a fulfilment of expectations when choosing private label brands.

Veloutsou, Gioulistanis and Moutinho (2004)

Price

A monetary value when the consumer wants to exchange it with the goods or services provided by the sellers or producers.

Nagle and Holden (2002)

Social Influences

The degree to which learning the skills, knowledge and attitudes relevant for consumption from media, parents and peers.

Nelson and Mcleod (2005)

Economic Situation

The economic conditions that will lead the retailers to enrich the range of private label offerings.

Chaniotakis, Lymperopoulos and Soureli (2010)

<https://assignbuster.com/economic-situation-malaysians-attitudes-towards-private-label-brands-marketing-essay/>

Organization Structure

There are total five chapters in this research. The structure of the study is organized as following.

Chapter 1 is about the introduction, the author will start by the background of this study. Besides, the author will briefly explain why this research is important, what factors will affect the Malaysian's attitudes towards private label brands, history of private label brands, rules and regulations towards private label brands in Malaysia, problem statements, research objectives and contribution of this study. This part will have an overview of the research.

Chapter 2 is literature review that discusses the factors that affect the attitudes of Malaysian towards private label brands. In the beginning, the definition of the theory and interest of study are introduces. Then, the author will explain each of the variables that affecting Malaysian's attitudes towards private label brands. The author was reviewed the previous study to make the analysis of each variables.

Chapter 3 is research methodology. In this part, it describes how the author collects information and finalizes the data. It will also explain what method will be used to conduct this research. The author defines the research framework, develops hypothesis, develops questionnaires, explain how the author undergo pilot study, chooses convenient sampling as the sampling method, and introduces the target size. Furthermore, data collection method and data analysis will be presented.

Conclusion

This chapter will give us some briefing about this research. Let us know about why this research is important and why this research is needed to be conducted. One of the reasons is that we can know the consumer purchasing trend in the current market after the completion of this research.

Then, this study will make a huge contribution to the retailer who are selling or planning to sell private label brands. They can further know about how the consumers think and their attitudes towards private label brands in Malaysia. We can also know which variable has more powerful to affect the Malaysian's intention to buy private label brands. This will have an impact on the economy of Malaysia too.

Last but not least, we can also have better understanding towards the key terms that affect the Malaysian's attitudes on private label brands. Besides, it will give us a clear picture for the structure of this research.