

**A STUDY OF PREFERENCE FOR LOCAL PRODUCTS IN
RETAIL MALL IN CONTEXT OF CONSUMER
ETHNOCENTRISM IN SURAT CITY**

Dr. Shaileshkumar Jaysukhbhai Limbad,

Shree JDG Com College, Surat, Gujarat, India.

E-mail address:- shailesh.limbadi1987@gmail.com

Contact no: - 9727778747

Dr. Kalpesh Chopra

Z.F. Wadia Women's College & N.K. Jhota College of Commerce, Surat

Contact no:- 9714877002

Dr. Viral Atulkumar Chauhan

Assistant Professor & Head, BBA Dept.

Vidyabharti Trust College of Business, Computer Science & Research, Umrakh

Email: viralchauhan.vtcbb@gmail.com

Contact no:- 9925477768



Abstract:

Objective: This research mainly aims to study the various factors that influence Indian consumers when choosing the best products that meet their expectations. Additional objectives include analysing the impact of demographic factors on consumer attitudes towards products manufactured in India in Surat district.

Methodology/Design: Qualitative methods were used to study the perceptions and attitudes of residents of Surat district towards products manufactured in India. The aim was to understand these perceptions and attitudes within the framework of the CETSCALE model. Researcher used a non-probability sampling technique. 792 questionnaires were selected for complete data analysis.

Results: Statistical analysis revealed that consumer ethnic affiliation (preference for local products) is mainly driven by intrinsic motivation and rational evaluation, not by cultural openness or marketing incentives. This trend is greatly influenced by social and economic factors, especially education level and income, while the effect of gender is small. Moreover, consumer behaviour towards products manufactured in India stems from prior intentions and is strongly influenced by personal factors.

Practical Implications: The findings of this study provide valuable insights to managers, marketers and decision makers seeking to influence purchasing decisions and enhance customer loyalty, especially in the Indian market. Personal intention emerged as the most important indicator of purchase intention. Therefore, managers should shift from mass marketing strategies to personalized marketing strategies.

INTRODUCTION

The term "national preference" refers to the tendency of consumers to prefer domestic products against of foreign, driven by nationalist sentiments. This concept is rooted in the belief that purchasing foreign things are wrong or unpatriotic and fails to benefit domestic production. National preference is a psychological concept describing how consumers evaluate things on their basis of country of origin. It is a relatively recent concept within marketing theory and practice. National preference represents a nationalistic evaluation of foreign products and services; it is the idea of consumer loyalty to one's homeland, which may cause consumers to hesitate before purchasing foreign goods.

Most shopping in India takes place in open markets or in small, multi-store grocery stores. Shoppers typically wait outside the store and order what they want, without having the opportunity to personally select or inspect the product from the shelf, as access to the shelves or product storage areas is extremely limited. Once a shopper has ordered a basic food item or

household product, the shopkeeper can go to the container, shelf, or back of the store to retrieve the product and display it to the customer. Often, the shopkeeper will substitute another product, claiming it to be the same or equivalent to the product ordered. Products in these small shops typically do not have price tags, although all packaged products must display a "maximum retail price" below which the product cannot be sold (exceeding this price is a criminal offense). Shopkeepers may arbitrarily or randomly set prices for food and household items, resulting in different customers paying different prices for the same product on the same day, although these prices are always lower than the established retail price. Price negotiations between the buyer and the shopkeeper are rare. Buyers generally do not have enough time to examine product labels, nor do they could make decisions when comparing competing products.

Retail trade is a cornerstone of the Indian economy, contributing 14-15 percent to India's GDP. In 2010, convenience stores and large supermarkets accounted for about 4 percent of the retail sector and were concentrated in major urban centres. The retail and logistics sectors in India employ about 40 million people, representing 3.3 percent of the total population.

In June 2012, IKEA announced that it had applied for permission to invest \$1.9 billion and open 25 retail stores in India. An analyst at Fitch Ratings said that the requirement to source 30% locally would significantly delay – if not prevent – single brand companies from Europe, the United States and Japan from opening stores in India and creating associated jobs.

On September 14, 2012, the Indian government announced that it would allow foreign direct investment (FDI) in the multi-brand retail sector, subject to approval by individual states. The decision was welcomed by economists and markets, but it sparked opposition and unrest within the central government's political coalition. On September 20, 2012, the Indian government formally notified the implementation of the FDI reforms in both the single-brand and multi-brand retail sectors, making them legally binding under Indian law. On December 7, 2012, the Indian federal government authorized 51% foreign direct investment in the country's multi-brand retail sector. Despite significant opposition, the government successfully secured parliamentary approval for multi-brand retail; the move will allow foreign supermarket chains such as Walmart, Tesco, and Carrefour to open multi-brand stores.

LITERATURE REVIEW

Ampuero, O., and Vila, N. (2006) Conducted study to understand consumer perceptions to correctly design product packing and to achieve the desired position in the minds of consumers. The seven product-positioning strategies selected were represented from the consumers' standpoint using multidimensional scaling. Four maps were obtained related to: alternative

packaging colours; alternative packaging typography; alternative packaging graphical forms; alternative packaging images. They found that each positioning strategy appears associated with packaging dimensions. A range of simulated packaging was prepared for the 46 consumers that took part in the two-phase experiment: One of the seven positioning strategies was explained.

Batra, R. and Sinha, I. (2000) examine how different determinants of perceived risk help explain variations in purchasing preferences for national brands versus local products (store) brands (PLBs), across twelve different product categories. Such inter category differences are the most important source of variation in PLB share across markets, retailers and categories find that PLB purchases in a category increase when consumers perceive reduced consequences of making a mistake in brand choice in that category, and wh. They found that category has more “search” than “experience” characteristics. Theoretical and managerial implications of these results are discussed, especially the important role played by “experience” attributes in leading consumers to Favor national brands over PLBs.

Beneke, J. (2008) conducted study to investigate the perceptions of fast-moving local products brands in the South African grocery food sector. Successful positioning of these brands has been achieved globally, most notably in developed markets. However, in a South African context this does not appear to be the case. To this end, research has been undertaken to better understand the current position these brands occupy in the minds of South African consumers. Included in the study is the consideration of critical branding elements such as trust, availability, pricing, packaging, etc. The knowledge gained through this research should ideally facilitate the process of advancing local products brand research in an academic context and improving brand positioning, increasing market share, and optimizing profit extracted from LOCAL PRODUCTS brands in a managerial context.

Liljander, V., Polsa, P. and Riel, A Ilard. (2009) argued that to make informed local products (PL) strategy decisions, retailers must understand the factors influencing consumer's brand choices. Previous PL studies have investigated grocery products and ignored unique features of different types of own brands. They investigate attitudes towards buying a retailer-endorsed brand, or store brand (SB), in apparel retailing. Customers of a Finnish department store was surveyed. Data were analysed using Structural Equation Modelling (SEM). Perceived value and quality of SB apparel appear to be the main drivers of purchase intentions. Perceived risk reduces SB value and purchase intentions. Store image affects purchase intentions indirectly, by reducing perceived risk and increasing SB quality perceptions.

Semeijin, J., Van Riel, A.C.R., Ambrosini, A.B., (2004), argued that the importance of store brands has increased. Many products carrying a label that is exclusively available from a specific retailer chain have been introduced in recent years, with varying degrees of success. Retailers appear to pay little attention to the multiple risks associated with adding new product categories to their store labels. They investigate how store image factors and various categories of perceived risk associated with product attributes affect consumer evaluations of store-branded products. A structural model is developed and tested, providing indications of the likelihood of store brand success in various product categories.

RESEARCH METHODOLOGY

Primary objective: - To know factor affecting preference for local products while purchasing from retail mall.

Secondary objective: - To know the customer preference for local products in various retail mall in Surat city.

Research Design

Research has used descriptive research design because it requires direct & in-depth experience/review of an individual also it requires more focus and concentration on given data.

Sampling Design

- **Sampling technique:** Here non-probability convenience sampling has been used.
- **Sample size:** The sample size has been 300 respondents.
- **Sample unit:** The sampling unit comprises the respondents purchasing frequently from the retail malls in the Surat region.
- **Research instrument:** Questionnaire has been used for the purpose of data collection as the research instrument. This questionnaire consisted of closed ended questions including rating scale. A face-to-face self-administered questionnaire was developed (Jaafar, Siti & Lalp, P.E. & Naba, M.M., 2012) as the research instrument for the present study. The questionnaire consists of a 5-point Likert rating scale.

- **Data Collection Methods**

Primary: Primary data has been collected by direct respondents with the help of questionnaire.

Secondary: Secondary data has been collected from books, internet, newspaper, and magazines.

Data analysis and findings

Reliability Analysis: - Reliability (or consistency) refers to the ability of a measure to produce consistent results when the measurement procedure is repeated. Another view of reliability is

that two individuals with the same construct-matter characteristics should obtain the same score. The reliability analysis, which is determined by measuring the degree of systematic variation in a measure, which is determined by examining the relationship between scores obtained from administering the measure on different occasions. Therefore, if the correlation in a reliability analysis is strong, it means that the measure produces consistent results and is therefore considered reliable.

Cronbach was interested in reliability measures that practical difficulties involved in collecting and retesting data. Later it was used to investigate measures of equivalence—as opposed to measures of time stability (i.e., the absence of changes in results over time)—and whether analysing the instrument for the test would generate results. A value below 0.70 indicates poor internal consistency, the maximum expected is 0.90. An alpha value between 0.80 and 0.90 is preferable.

Therefore, in studies using a specific scale, the reliability of Cronbach's alpha is highest when calculated for scales with twenty items or fewer, taking into account the main dimensions being measured. The alpha value becomes even more important in other studies.

Reliability Statistics

Cronbach's Alpha 0.897,

N of Items 34

Primary objective: - To know factor affecting preference for local products while purchasing from retail mall.

Measurement Items	Items Mean
PERCEIVED PRICE	
Price is important for me when I buy private label products	3.82
I usually compare prices	3.57
The price of local products should be reasonable	3.52
The price should be lower than the average market price	3.41
I should save lots of money while buying local products	3.38
I buy local products because they are cheaper	2.97
PACKAGING	
It is important to visually display of the actual product	3.88
I like to buy the product with attractive packaging	3.49
Local products must look like other products	3.25

Local products must have equally good packaging	3.18
ADVERTISEMENT	
Advertisement is important	3.66
Purchase decision is influenced by advertisement	3.31
The message on advertisement motivates me to buy	3.18
I trust on the message given	3.06
STORE IMAGE	
I think store image is important	3.80
Positive characteristics of local products is important	3.33
PERCEIVED QUALITY	
Quality is an important criterion	4.17
High-quality of local products is important	3.94
I think local products have clearly stated ingredients	3.36
I think local products must be good in quality	3.33
I think local products are fresh	3.11
PERCEIVED RISK	
I will very carefully choose local products	3.99
The cheapness of local products alerts me for some risks	3.54
Free samples can decrease my uncertainty	3.46
I am uncertain which local products in terms of product quality	3.14
PERCEIVED VALUE	
I would ensure that I am getting my money's worth	3.76
I always check prices at the supermarket among brands	3.75
ATTITUDE TOWARDS PRIVATE LABEL PRODUCTS	
Local products are worth buying	3.32
Local products are trustful	3.19
I prefer to buy products that I feel more familiar with	3.65
I change food products to save money	3.55
I buy the well-known brand product only	3.35
I would buy local products to save money	3.37
I will consider buying local products	3.19

Based on the descriptive data the perceived value becomes the primary criteria in consumers' purchasing of local products brand food product, followed by other factors.

Secondary objective: - To know the customer preference for local products in various mall in Surat city.

- The perceived value dominates purchase.
- The most affecting factor is consumer attitude and perceived price.
- Most respondents purchased local products from retail malls.
- Respondents has no doubt in local products.
- Most respondents are frequent and regular purchasers of retail malls.
- Most respondents have come to know about retail malls and schemes from commercial advertisements and friends.

Demographic Profile

Gender	Male	120
	Female	180
Age	18-25	24
	26-35	95
	36-45	68
	46-55	61
	56-65	52
Educational Background	Primary	30
	Secondary	96
	Graduate	93
	Master's degree	45
	Ph.D.	36
Marital Status	Single	36
	Married without children	96
	Married with children	168
Family Size	Alone	15
	< 5 persons	132
	5-10 persons	150
	> 10 persons	3

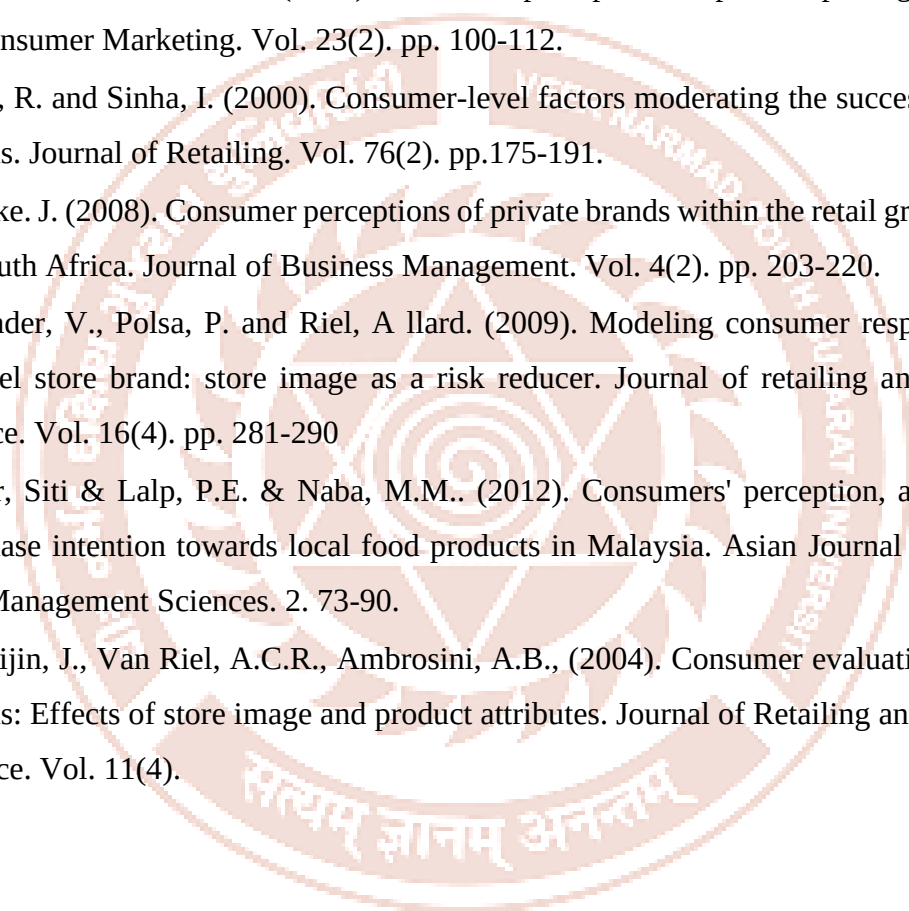
CONCLUSION

Perceived value becomes the most important criterion among consumers purchasing local products. The consumer attitude and perceived price are the affected factors. Another

important finding of this study suggests that consumers' prior shopping experience with private-label products influence the purchase. This finding can help retailers better understand the factors that influence consumers' purchase intention toward private-label products in the local market. Moreover, it also adds new knowledge to people about what local products means. But this research has more areas for improvement. Further research can be conducted on different segments of consumers or expanded to include a larger sample size or geographical area so that the results reflect the actual buying patterns of consumers in India.

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