

CUSTOMER PERCEPTIONS ON HOUSE BRANDS IN ZIMBABWE: A CASE OF TM SUPERMARKET STORES**IN VICTORIA FALLS TOWN, MATABELELAND NORTH PROVINCE****By****Chisango Future Fortune T & Maposa Angela**

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ABSTRACT

National brands are still perceived by customers to be more superior than house brands. TM house brand has failed to significantly challenge national brands, one of the cited reasons being failure by retailers to understand and appreciate customers' perceptions on their house brands. It is therefore imperative that for retailers to boost sales and make a significant impact on the market need to determine customers' expectations as influenced by their perceptions and be able to satisfy them. Thus the study sought to investigate and establish customers' perceptions on TM's house brands and assess its impact on sales. The major thrust was to ascertain the impact of marketing mix variables on customers' perceptions and its consequences on purchasing behaviour of consumers. To achieve this, a descriptive survey was used with 86 customers as research participants for the purposes of generating primary data. Questionnaires were used as research instruments, while descriptive analysis facilitated the examination of research findings. The results indicated that TM customers' evaluation and placement of alternative products in order of hierarchy is based on price and quality. It was also noted that TM house brands lack promotions which are causation for lower prices or have direct correlation to price fluctuations. The research therefore recommended that TM should differentiate its products and employ different pricing strategies to appeal to different classes of its clientele. It is also imperative for TM house brands to improve on quality and have an appealing edge over national brands.

Key terms: Customer perceptions, house brands, National brands, marketing mix variables, alternative products

1 Background to the study

According to Philip Kotler, (2000), perceptions are viewed as the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world. Customer perceptions on in-house brands have a direct impact on success and failure of new brands introduced on the market. Corstjens and Lal, (2000) cited that in-house brands or stores have made a significant impact in the marketing of packaged goods in the late 1980s and 1990s. It can however be agreed that there is no universally agreed terminology for house brands. The term includes private label brands (Veloutsou, Gioulistanis, and Moutinho, 2004), Own label (Veloutsou et al., 2004), private labels (Richardson, 1997) private label and distributor brands. Burt (2000) used the term interchangeable, but generally these can be perceived as products that stores put their own names, brands on.

In developed countries it is evident that the presence of house brands particularly in the grocery sector has challenged national brands (Del Vecchio, 2001; Chimhundu, 2011). Dennis (1998) reported that in 1997, the house brand volume share of grocery sales reached 43% in the UK, 33 % in Belgium and 27% in Germany. For these countries, the successful position of house brand sales has been in part, obtained through efforts by retail managers to overcome the scepticism surrounding the quality of house brands. This is present among most consumers especially when house brands first enter the market (DelVecchio, 2001; Walker, 2006; Beneke, 2009).

In Southern Africa, house brand market is relatively less developed compared to the market in Western countries (Euro Monitor International, 2010). South Africa's house brand penetration rate is the highest and is estimated at 8% (Beneke, 2009). The introduction of in-house brands has brought mixed feelings amongst consumers in Zimbabwe (Nyengerai et al., 2013). Most large retail shops have over the years introduced in-house brands. OK introduced "Pot O Gold", Spar "Save-more" and TM also introduced its own house brand "Supa-saver". With its wide spreading nature TM supermarkets draw its customer base from low communities to upper working classes across the whole country. The supermarket introduced its own in-house brand in 1999, named TM Supa-saver. It has been noted that the creation and maintenance of house brands has increasingly become important in today's highly competitive retailing business environment. Recent studies illustrate that at early stages of market development, scepticism surrounding the quality of house brands is often high (Nandan and Dickinson, 1994; Beneke, 2009); it is imperative that in relatively rudimentary markets for house brands, retail management should embark on strategies that will enhance their market share. It is therefore imperative to understand and appreciate the factors that influence perception of private label brands in the local context and strategizing to improve the image of such brands.

It is generally recognized that consumer preferences for national brand are strong and that competitive national brand assortment is critical for retail profitability although store brands do provide leverage to retailers and allow retailers to improve margins (Ailawadi, 2001). Several studies have found that consumers perceive national brands to be more superior to house brands as they are marketed throughout national markets (Amanpreet Kang, 2012). National brands are owned and promoted usually by large manufacturers. As the case in Zimbabwe national brands have proved to have an edge over

house brands. Hence the competition imposed by such brands has actually impacted negatively on several retailing shops forcing TM Supermarket to discontinue its supersaver brand in the year 2006. The brand faced vast competition, and the period was amidst the tough times of a growing economic crisis in Zimbabwe. While national brands provide high utility and quality, house brands are generally perceived as low priced, poorly package, lack strong brand recognition, and are rarely advertised at national level (Cunningham et al., 1982). It is therefore against such a background that a study that sought to establish customers' perceptions on house brands and its impact on consumer preference and taste in Zimbabwe was carried out, at TM supermarket in the resort town of Victoria Falls.

1.1 Statement of the problem

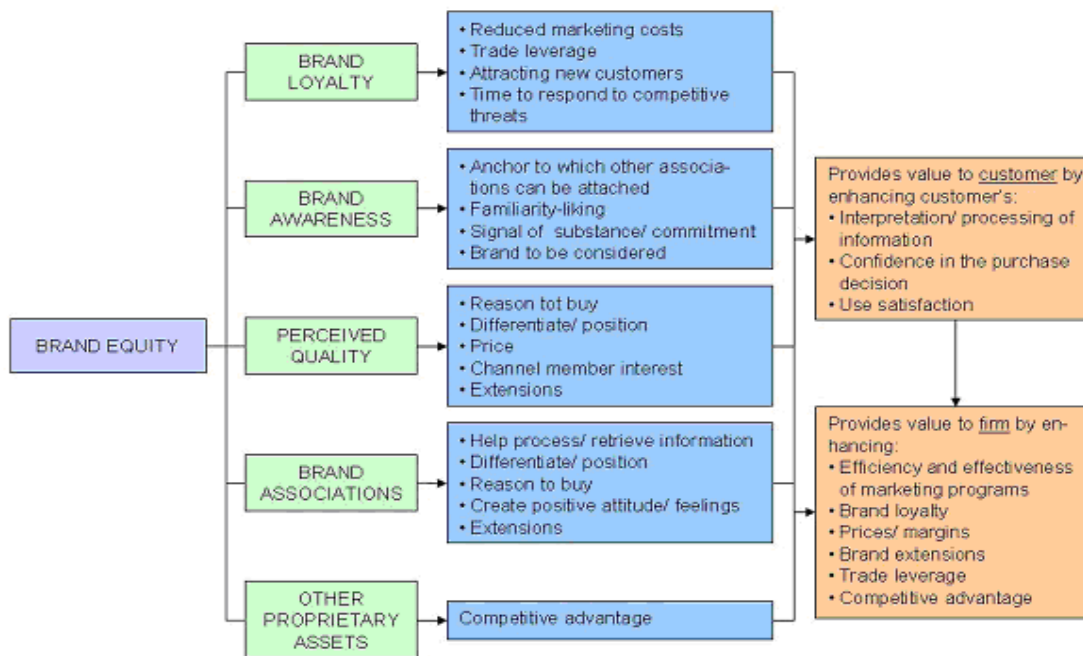
National brands are still perceived by customers to be superior to house brands, (Labeaga et al, 2007).The concept of private house brands was popularized by large corporate supermarket chains which expanded their private label at the expense of heavily advertised national brands (Stern, 1966). Marketing success unfolds with understanding of the environments in which we operate; the desires, perceptions, and basic needs of those we serve (Donna Anselmo, 1997).TM introduced its in-house brand and failed in the market because of failure to understand and determine the perceptual differences exhibited in consumers. TM in-house brand is not gaining much attention among Zimbabwe consumers. It is vital to critically examine the positive and negative perceptions exhibited by consumers towards TM's house brands. Therefore this study seeks to investigate and establish customer perceptions influencing customers purchase decision on TM's house brands.

1.2 Research objectives

- The primary objective of the study was to critically examine and evaluate how customer's perceptions are influenced by brand and store image towards TM's house brands
- To ascertain determinants of consumer choice when buying groceries at TM supermarkets
- To determine the assessment criteria consumers use when purchasing particular house brands

2 Review of Related Literature

Drivers to consumer choice



Conceptual Model: Pushing factors for consumer choice

Source: Aaker, (1991)

Brand Awareness

Brand awareness is related to the position the brand holds in the consumer's memory and the ease in which it is recalled when prompted. Brand recognition is a component of brand awareness and is related to the consumer's ability to recognize previous exposure to it. Brand awareness plays an important role in decision making in two ways: (a) better brand awareness increases the likelihood that it will be part of the consideration set, and (b) the level of brand awareness can affect further decisions about those brands within the consideration set (Keller, 1993; Aaker, 1991). Both Keller (1993) and Aaker (1991) cite the elaboration likelihood model (Petty & Cacioppo, 1986) as suggesting that choice may be based on brand awareness when the decision has low involvement as a result of little motivation.

Brand Loyalty

Brand loyalty has been defined as the inclination of a customer to keep on purchasing the same brand (Collin et al, 1991). Dick and Basu (1994) stated that brand loyalty is the strength of the relationship between an individual's attitude towards a brand and purchasing. Schiffman and Kanuk (1997) described a consistent preference and purchase of the same brand in a specific service or product category as brand loyalty. Gilbert (2003) defined it as consumers purchasing the same brand of product on most occasions or on a regular basis. Therefore, as the definitions above-mentioned, brand loyalty exists

when a customer buys one brand of product or service again and again. Aaker (1991) argued that brand loyalty of the consumer base is the core of a brand's equity, which is critical to maintain brand equity. Briefly, brand loyalty will result in consumers continue to buy the brand in the future, recommend it to friends, and choose the products over others, even those with better features or lower prices.

Perceived Product Quality

Quality is considered critical to achieving competitive advantage and is used by both practitioners and researchers to analyse key business indicators such as competitiveness, image and customer loyalty (Hansen & Solgaard, 2004). It is acknowledged, however, that there is some lack of clarity about the concept. Firstly, researchers offer many different definitions and interpretations of quality. For example, perceived product quality is defined as consumers' judgment regarding a product's overall excellence or superiority (Zeithaml, 1988, p.3) or its ability to satisfy the expectations and needs of customers (Bergman & Klefsjo, 1994, p.282, cited in Hansen, 2001). Secondly, the measurement of perceived quality can be problematic because it is subject to the consumer's own interpretation of its meaning (Hansen & Solgaard, 2004).

With respect to house brands, quality is at the heart of the competition between house brands and national brands in terms of both the consumer's desire for quality and the retailer's ability to deliver quality (Hoch, 18 1996). This view is supported by Veloutsou et al (2004), who reported that quality is an equally important choice criterion for consumers when buying both national brands and house brands. Some studies (e.g. Hoch & Banerji, 1993; Miranda & Joshi, 2003; Sethuraman, 2003) have found that quality is more important than price in terms of consumer satisfaction with house brands, the decision to purchase house and house brand market share. Further, Dhar & Hoch (1997) found not only that house brands penetration is higher in higher quality categories, but also that the degree of a retailer's commitment to quality, together with the inclusion of a premium house brand in their assortment, helps explain the variance in private label penetration across retailers.

Perceived Product Quality and perceived risk

Consumer perceived quality of house brands is often examined in the literature within the context of perceived risk. One of the most useful measures of overall perceived risk is the probability of negative consequences occurring (uncertainty) together with the importance of negative consequences (Mitchell, 2001). Dowling & Staelin, (1994) proposed an extended model of risk which is also relevant to house brands. In their model, consumers assess their overall perceived risk based on prior knowledge, involvement, purchase goals and usage, uncertainty and consequences relating to relevant product attributes. The product attributes in turn are linked to functional, monetary, social, and psychological risks. These risks can be defined in terms of potential loss: functional risk relates to the potential loss resulting from inadequate product quality, financial or monetary risk is the potential financial loss resulting from a bad purchase, while social risk is the potential loss of image or prestige resulting from the purchase or use of a product, especially if used in public (Zielke & Dobbstein, 2007).

A number of empirical studies confirm that risk plays a key role in consumer perceptions of quality and ultimately in house brand purchase. Shoppers who are not prone to house brands are more concerned that house brands may be of inferior quality and that their purchase will therefore result in financial risk (Dick et al., 1995). Non house brand shoppers are also influenced by social risk, believing that others may judge them negatively if they buy private labels (Dick et al., 1995). Narasimhan & Wilcox (1998) confirmed that the willingness of national brand buyers to switch to house brands is related to perceived risk, specifically the consequences and probability of buying a house brand product of unacceptable quality. Del Vecchio (2001) found 19 private label quality perceptions to be higher in categories where functional risk is low, specifically, where consumers believe products are less complex to produce, and where they perceive there is little variation in functional quality or product performance across brands. Similarly, Zielke & Dobbstein (2007) found that consumers are more willing to trial new house brands in categories where perceived risk is low, and conversely less willing in categories with high perceived risk. Where social risk is high, premium private labels are preferred over classic private labels and generics. Méndez, Oubiña & Rubio, (2008) reported that while a larger price differential between private labels and manufacturer brands leads to higher market shares for private labels in most categories, it has no effect on private label market share in categories involving high levels of functional, psychological or social risk. This finding suggests that consumers avoid house brand in high-risk categories regardless of their price advantage.

Having confirmed the importance of perceived risk in consumer evaluations of house brand product quality, the discussion now turns to antecedents and moderators of perceived risk, namely quality variability of house brands, quality variation between national brands and house brands, reliance on extrinsic cues to assess house brand quality and familiarity with house labels. Erdem et al. (2004) developed and empirically tested a model which captures the impact of quality variation between national brands and house brands, and of house brand quality consistency. Drawing on consumer choice under uncertainty, the model shows that consumers are more likely to buy house brands when their prior uncertainty about the quality of house brand compared to national brands is low and when consumer experience of the product over time shows the brand is consistently positioned with respect to quality, in other words, when perceived risk is low. Erdem et al. (2004) suggest that uncertainty leads consumers to form expectations about quality based on learning, for example through communications. Expectations will be more consistent if communications are more consistent, which in turn is likely to reduce perceived risk about quality consistency.

3 Research Methodology

Table 3.1: Sample Composition

<u>Regular customers</u>	<u>30</u>
<u>Walk-in customers</u>	<u>56</u>
<u>Total</u>	<u>86</u>

Thus the study sought to investigate and establish customers’ perceptions on TM’s house brands and assess its impact on sales. To achieve this, a descriptive survey was used with a sample of 86 customers treated as research participants used for the purposes of generating primary data. The 86 participants were conveniently selected from two categories of customers namely regular and walk-in buyers in the resort town of Victoria falls as shown in table 1 below. Questionnaires were used as research instruments and descriptive analysis was used to examine the research findings which were later presented qualitatively.

4 Presentation of Results

How branding and store image influence customer perceptions

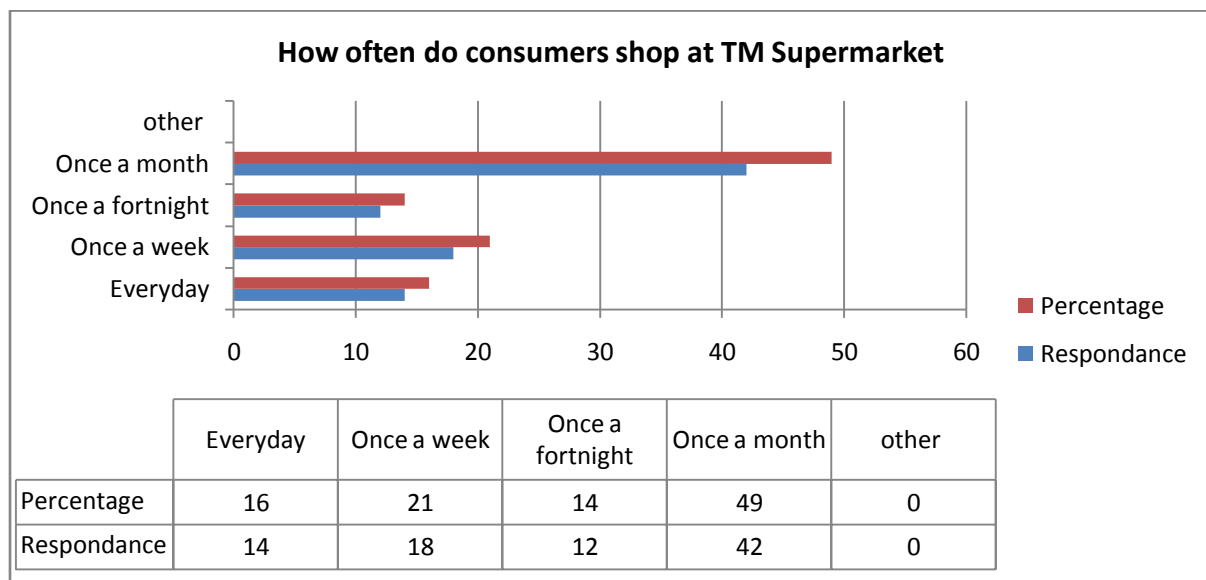


Figure: 4.1 Frequency of consumers’ grocery purchase at TM Supermarket, Victoria Falls

Convenience of location could be used as a reason to explain the shopping behaviour depicted in the table and figure above. For example, 49% of the population may only be doing their shopping once a month because they cannot afford to do it more frequently because of the supermarket location and they may be having their income on monthly basis. Or if respondents are buying perishables, they are most likely to buy groceries every day.

Response	Average	Total
Yes		86
No	0%	0
Total		86

Figure: 4.2 Consumers willingness to purchase TM’s house brands

All the respondents (100%) had at one point purchased TM house brands without giving the specifics of the products they once purchased. Thus from the percentage of the respondents it made all the respondents relevant for evaluating their perceptions on TM house brands. Availability of product could be the cause especially during times of shortages.

Attributes and rating of TM’s house brands.

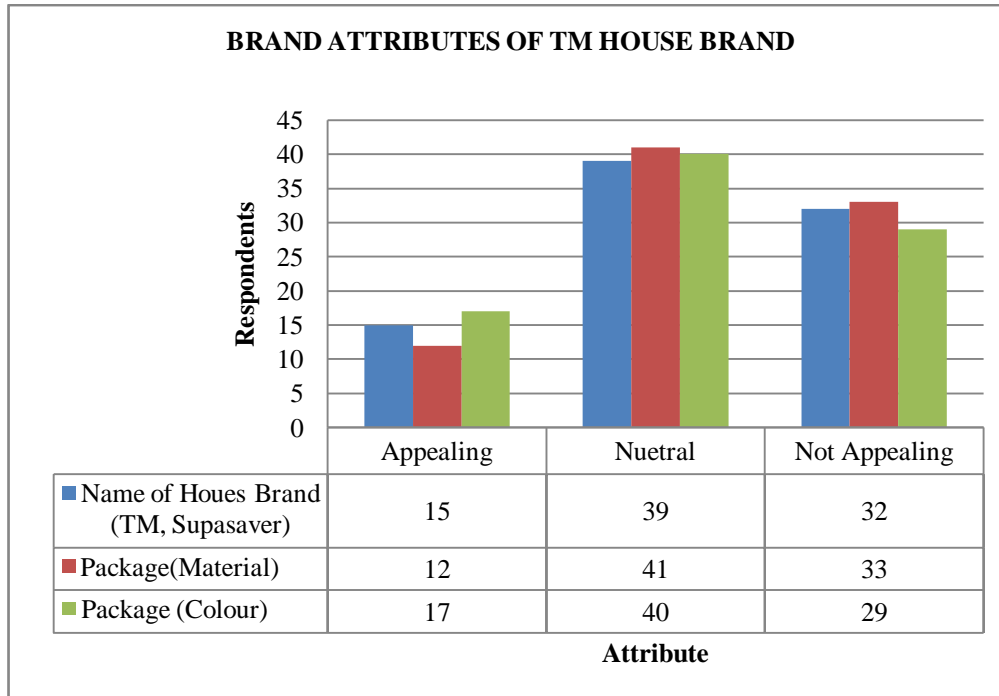


Figure: 4.3 Consumers’ rating on TM’s brand attributes.

The greater number of respondent find the brand name, package material and package colour not appealing. Generally people’s attention is captured by colour and appearance of products.

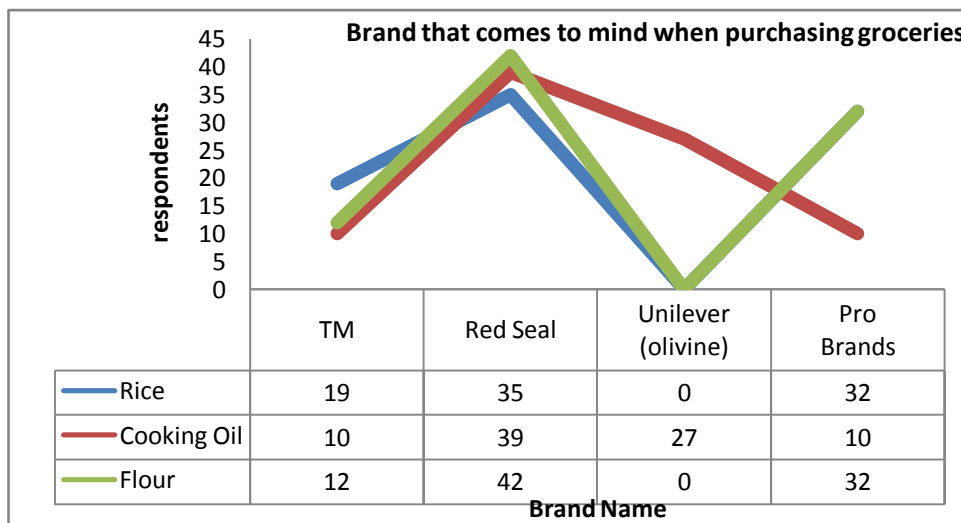


Figure: 4.4 Familiar brand of products and customers’ preferences on named products: rice, cooking oil and flour.

TM house brand was compared with national brands. Red seal products are more preferred on all three popular grocery products, i.e. rice, cooking oil and flour. This supports the notion: Several studies have found that consumers perceive national brands to be superior to house brands (Bellizzi et al., 1981; Cunningham et al., 1982). On all the categories TM; rice had more respondents as a product that came to their mind on groceries.

Table4.1: Customers’ perception on interior design and store image of TM supermarket

Statement	Disagree	Partially agree	Neutral	Partially agree	Agree
The interior and image of the store affects the store house brand name.	15	14	21	17	19
TM’s has good interior design.	14	12	26	18	16
TM has good store image	12	13	27	19	15

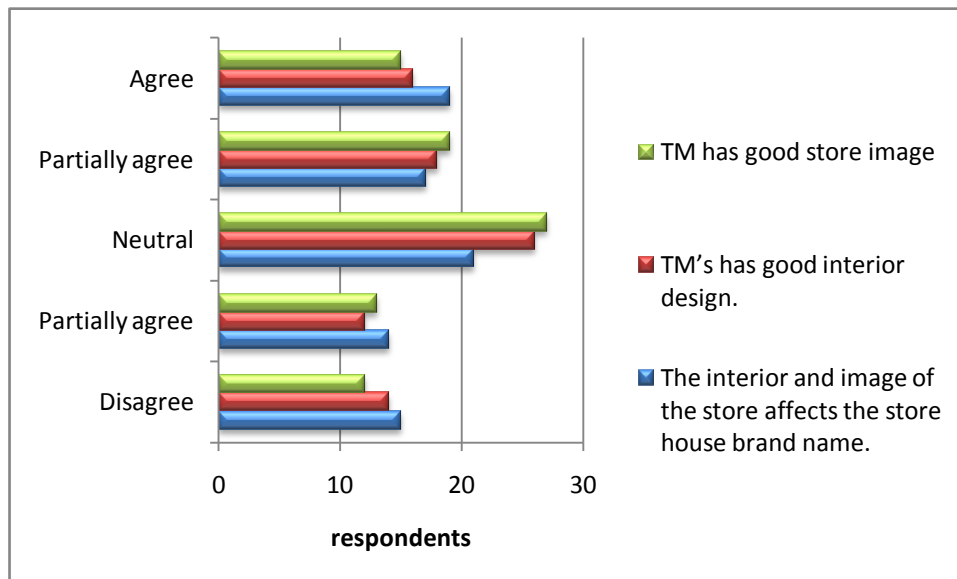


Figure: 4.5 Customers’ perception on interior and store image of TM supermarket

From the above figure on the statement, the interior and image of TM store affects how house brands appeals. The high figures agreeing that TM has good store image and interior design are contributed by the recent renovations done by TM Hwange.

Table4.2: Customers’ evaluative criteria

Statement	Strongly disagree	Disagree	Neural	Agree	Strongly Agree
TM house brands are inferior quality alternatives to other brands.	12	14	42	14	4
TM house brands are cheap because they offer poor quality	11	13	37	8	17
I believe there are no risks associated with buying private label brands	16	15	29	14	12

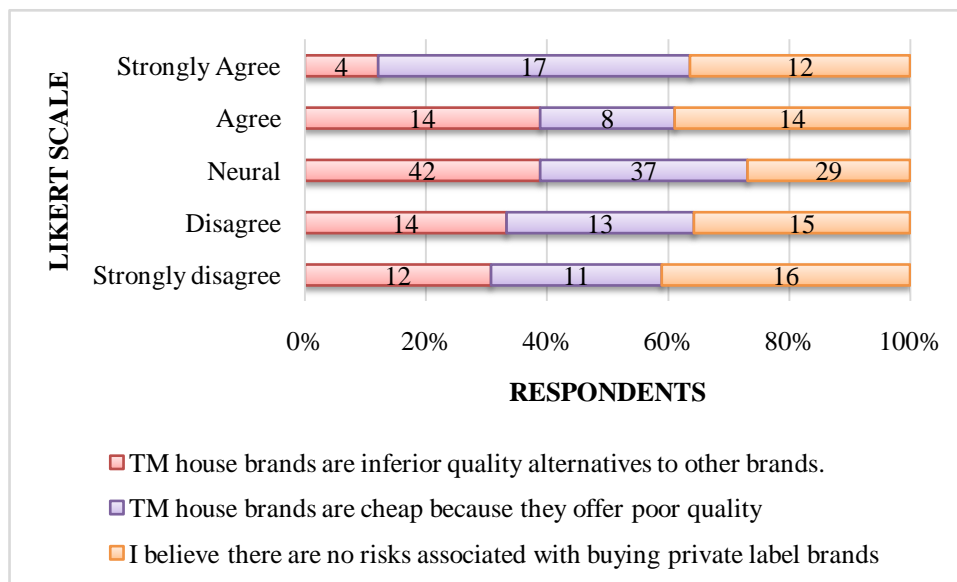


Figure: 4.6 Customers evaluative criteria

5 Discussions

Customers have mixed perception on TM house brand’s quality in comparison to National brands as the number that agreed was equal to the number that disagreed. With respect to house brands, quality is at the heart of the competition between house brands and national brands in terms of both the consumer’s desire for quality and the retailer’s ability to deliver quality Most customers strongly agreed that TM house brands are cheaper compared to National brands.

More respondents do not find the brand name, package material and colour of TM house brand appealing though most of the respondents neither agreed nor disagreed but far less agreed. Highly educated respondents find the brand attributes not appealing at all. This reduces inclination of a customer to keep on purchasing the same brand. There will not be consistent preference and purchase

of the same brand in a specific service or product category. The brand attributes contribute to brand associations, which is anything linked in memory to a brand. A brand with high level of association will contribute to facilitate consumer for gaining the meaning of the brand.

Findings revealed that most consumers are driven by price, perceived quality of the product and the package. Consumers compare products based on price, quality and package. More female consider price and quality and more man the females consider package. Various attributes and relevant benefits create a perception of quality in consumer's mind. In other words, perceived quality is the consumer's judgement about a product's overall excellence or superiority. Price is relatively related to perceived quality. Consumers have a general tendency of weighing the perceived quality of the product with its price, with general assumption that the higher the price the high the quality.

TM house brands are often communicated in store than on national media. This is evident as most respondents indicated that they have only seen house brands communicated in-store. The equal number of respondents they have had the house brand through word of mouth. Most respondents from secondary level and above indicated that the advertisements or promotions are not persuasive. Information around the physical attributes of a product, like features and functionality are important to gain customer attention. Perceptual constructs are built as a result of the informational inputs. While the inputs serve as the foundation on which to develop a purchase decision, the perceptual construct further refines the base to filter those inputs and frame them in a manner that is comprehensible for the consumer.

Customers have mixed perception on TM house brand's quality in comparison to National brands as the number that agreed was equal to the number that disagreed. With respect to house brands, quality is at the heart of the competition between house brands and national brands in terms of both the consumer's desire for quality and the retailer's ability to deliver quality Most customers strongly agreed that TM house brands are cheaper compared to National brands. A small number of respondents indicated that there is risk in buying house brands. Risk comes as a result of the product failing to do its basic or generic purpose.

Endorsement by family, friends and consumer pressure group is very important to consumers, with endorsement by family proving to be highly important compared to that of friends and consumer pressure groups. Observations made were that most young age group indicated friend's endorsement as more important than any other group. Family and friends form generic types of reference group. A consumer's behaviour may change to be more in line with the actions and beliefs of group members. Thus perceptions of other people have ability to influence the next person. Behaviour of individuals is highly affected by family and friends, as for example children learn by mimicking those around them and as such perceptions are highly influenced by those around us.

6 Summary, Conclusion and Recommendations

6.1 Summary

It was observed that the majority of the respondents who participated in the study did not find the brand attributes of TM house brand appealing. Most respondents indicated that they rather prefer National brands as they regarded TM house brands inferior. It was noted that the interior image of TM stores is not as attractive as that of its competitors such as OK supermarkets; hence this affects customers' perceptions towards TM house brands.

Findings revealed that the majority of the consumers are driven by price, perceived quality of the product and the package. Thus consumers' comparison of products is based on price, quality and packaging. It was established that more female customers consider price and quality while their male counterparts are attracted by packaging.

The observation on comparison of house brands to other brands on quality showed that customers had mixed feelings and it was noted that their perceptions were influenced by the endorsement/pressure from family members, friends and consumer pressure groups hence buying at times was noted not to be driven by preference/taste.

6.2 Conclusions

The study was conducted to investigate consumer's perceptions towards TM house brands. Thus it covered five determining variables which influence purchase of house brands. The variables found to be effective were branding, price, quality, perceived risk and store loyalty, with access to information at the right time playing a key role. Price proved to have greater impact on consumer behaviour towards TM house brands. From the study price is therefore regarded an important determinant factor behind the success of house brands. It was established that customers perceive the risk of buying house brand products as particularly hinged on inferior quality. They are sceptical about the lower price in comparison with product's performance.

6.3 Recommendations

- In light of the above finds and conclusions, it is recommended that policy makers employ different pricing strategies which should not depict the house brand a cheap brand but as competing with national brands.
- The quality of TM house brands should not be significantly different from the quality of national brand and other competing brands. The retailer can also differentiate same products, one depicting premium quality charging a high price and the other one with lower quality charging a lower price.

- The retailer should use marketing communication and marketing activities to illustrate and promote house brands. The retailers should emphasize that the brands have good quality and cheaper in order to penetrate the private label brand market. For instance, giving free samples of house brands or a promotion of buy one get one for free.
- Moreover, the retailers should develop the package of house brands. The retailers should design the package of house brands by making it more appealing and different. Consumers always misunderstand the package between private label brands and national brands because the package of private label brands is similar to national brands.

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