IMPACT OF BRANDING ON CONSUMER BUYING PREFERENCES TOWARDS BAKERY PRODUCTS IN SMALL TOWN- A STUDY OF REWA CITY

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Abstract

Bakery industry in India is the largest among the processed food industries, which is growing at steady pace. Bakery products in India have become increasingly popular due to an increased demand for convenience food.

The Indian bakery market is still in a nascent stage. In a country where average per capita income hovers around US$ 450 per annum, bakery items are not very high on the list of priorities for the masses. Low margins and a high level of fragmentation characterize the bakery segment. Awareness is nearly 100%, however, penetration is lower in rural areas at 15-20% and at 60% in urban areas. This is mainly because these products are consumed as snacks, and do not form part of the main course meal.

The present study endeavor's to examine the difference in the demographic, psychographic and behaviorist characteristics of customers and how these differences influences the customer behavior and purchase decision with regards to purchase of bakery items.

Keywords:- Bakery Products, Consumer Buying Behavior, Branding, Purchase Decision.

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Bakery industry in India is the largest among the processed food industries, which is growing at steady pace. Bakery products in India have become increasingly popular due to an increased demand for convenience food. Bread, biscuits, pastries, cakes, buns, cream roll and rusk are the main bakery products produced and marketed in India. Bread and biscuit are the two major products accounting for about 82% of the total market.[1] The annual production of bakery products is estimated to be in excess of 50 Lac tone's, most of which are in the unorganized sector. Of the total production of bread and biscuit, about 45% are produced in the organized sector and the remaining in the unorganized sector.[2]

The sector's turnover is largely driven by small towns and rural areas, which bring in around 80% of sales volume. Rural markets largely consume low-priced varieties giving stiff competition to branded biscuits. Except for the select low-priced varieties, the excise duty on biscuits is a hefty 16% favouring the unorganised sector, which alone contributes to the 60% of sales.[3]

In past most products went unbranded and buyers depended on the seller's integrity. Branding came as a shopping assistant to protect consumers against inferior quality. Today, branding is such a strong force that hardly anything goes unbranded. A brand name is a promise to deliver the claimed quality. But 'no branding' is still a successful strategy in certain consumer goods especially in case of perishable products. They are also called as generic products being unbranded, plainly packaged and less expensive version of common products. Bakery products are one of the categories in these generic products.

The demand for bakery products is bound to increase further in the country due to an increasing demand for convenience products, shift in eating habits and improvement in transportation and distribution methods. Bakery products can become one of the ready solutions to utilize the surplus wheat produced in the country by popularizing them amongst the masses.

This study is focussed to find the consumer's response towards branded and unbranded products on the basis of their demographic factors such as age, income, gender and occupation. Consumer's buying frequency, monthly expenditure and preferred pack size have been examined and the retailer's opinions on consumer buying preference have been included in the study. Also, the impact of product attributes such as price, quality, taste, availability,

packaging and freshness have been analysed to facilitate the marketers in carving out their marketing strategies.

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1. www.smallindustryindia.com
2. www.ficci.com/survey/food1.pdf
3. www.ficci.com/survey

OBJECTIVES OF THE STUDY

♦   To study the consumer preferences towards branded and unbranded bakery products.

♦   To analyze the impact of demographic factors such as age, income, gender and occupation on consumer buying preferences.

♦   To study the impact of price, quality, taste, packaging, freshness and availability on consumer buying preferences.

♦   To examine the purchase frequency, monthly expenditure and preferred pack size in buying bakery products.

♦   To study the retailers opinion on consumers buying pattern in bakery products.

HYPOTHESIS

♦   There is no significant difference in preference of branded and unbranded bakery products with respect to Age of consumers.

♦   There is no significant difference in preference of branded and unbranded bakery products with respect to Income of consumers.

♦   There is no significant difference in preference of branded and unbranded bakery products with respect to Gender of consumers.

♦   There is no significant difference in preference of branded and unbranded bakery products with respect to Occupation of consumers.

♦   There is no significant difference in consumers liking of branded and unbranded bakery products with reference to attributes like price, quality, taste, packaging, freshness and availability.

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METHODOLOGY

This research is based on primary data, which is collected through a structured schedule administered to 300 consumers in Rewa City which is a divisional headquarter in Madhya Pradesh. The city has a population of 3 Lac's. The responses of 30 retailers have been taken through a structured interview. Two stage sampling plan has been used to collect the responses. First, the field of study has been divided into six areas and then 50 samples of customers and 5 samples of retailers have been taken from each area on the basis of convenience sampling. Pie charts and Bar charts have been used to represent the data while percentage, chi-square (χ^2) test and co-efficient of association have been used for data interpretation.

RESULTS OF HYPOTHESIS TESTING –

1.   Impact of age on Buying Preferences

The calculated value of $\chi^2 = 4.198$ is less than the tabulated value of $\chi^2 = 15.507$ at eight degrees of freedom and 5 % level of significance. Thus, null hypothesis is accepted and inference drawn that there is no significant difference in the choice of branded and unbranded bakery products with reference to age of the respondents. (Table 1.1 and 1.2)

Table 1.1: Consumers Preference Table (age wise)

Age/Choice	Branded	Unbranded	Both	Total
Under 16 years	16	07	05	28
16-22 years	29	14	09	52
23-30 years	41	26	12	79
31-40 years	54	22	22	98
Above 40 years	20	14	09	43
Total	**160**	**83**	**57**	**300**

Table 1.2: Chi-square Table (age wise)

f_o	f_e	(f_o-f_e)	$(f_o-f_e)^2$	$(f_o-f_e)^2/f_e$
16	14.93	1.07	1.1449	0.076684528
29	27.73	1.27	1.6129	0.058164443

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41	42.13	-1.13	1.2769	0.030308569
54	52.27	1.73	2.9929	0.057258466
20	22.94	-2.94	8.6436	0.37679163
7	7.75	-0.75	0.5625	0.072580645
14	14.38	-0.38	0.1444	0.010041725
26	21.86	4.14	17.1396	0.784062214
22	27.11	-5.11	26.1121	0.963190705
14	11.9	2.1	4.41	0.370588235
5	5.32	-0.32	0.1024	0.01924812
9	9.88	-0.88	0.7744	0.078380567
12	15.01	-3.01	9.0601	0.603604264
22	18.62	3.38	11.4244	0.613555317
9	8.17	0.83	0.6889	0.084320685
Calculated value of χ^2 square =				**4.198780112**

Degrees of freedom = (r-1)(c-1) = 8, Level of significance = 0.05,

Tabulated value of Chi square = 15.507

2. Impact of Income on Buying Preferences

The calculated value of χ^2= **15.24182** is greater than the tabulated value of χ^2=12.592 at 6 degrees of freedom and 5% significance level so the null hypothesis is rejected. Hence, there is a significant difference in the choice of branded and unbranded bakery products on the basis of monthly income of the respondents. Further, co-efficient of association **C = 21.988 %** indicates that there is a good degree of association between income and buying preference towards branded and unbranded bakery products. (Table 2.1 and 2.2)

Table 2.1: Consumer Preference Table (Income wise)

Income/Choice	Branded	Unbranded	Both	Total
Upto Rs. 5000	16	19	09	44
Rs 5000 - Rs 15000	42	21	23	86
Rs 15001- Rs 25000	54	23	15	92
Above Rs 25000	48	20	10	78
Total	**160**	**83**	**57**	**300**

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Table 2.2: Chi- square Table (Income wise)

f_o	f_e	$(f_o\text{-}f_e)$	$(f_o\text{-}f_e)^2$	$(f_o\text{-}f_e)^2/f_e$
16	23.47	-7.47	55.8009	2.377542
42	45.87	-3.87	14.9769	0.326508
54	49.06	4.94	24.4036	0.497424
48	36.27	11.73	137.5929	3.793573
19	12.17	6.83	46.6489	3.833106
21	23.79	-2.79	7.7841	0.327201
23	25.45	-2.45	6.0025	0.235855
20	18.81	1.19	1.4161	0.075284
9	8.36	0.64	0.4096	0.048995
23	16.34	6.66	44.3556	2.714541
15	17.48	-2.48	6.1504	0.351854
10	12.92	-2.92	8.5264	0.659938
			Calculated value of χ^2 =	**15.24182**

Degrees of freedom =(r-1)(c-1) = 6   Level of significance =0.05

Tabulated value of χ^2= 12.592   Coefficient of Association (C) = 21.988 %

3.   Impact of Gender on Buying Preferences

The calculated value of χ^2 = **0.47501** is lower than the tabulated value of χ^2 = 5.991at two degrees of freedom and 5% level of significance. Thus, null hypothesis is accepted and inference drawn that gender has no significant difference on choice of branded and unbranded bakery products. (Table 3.1 and 3.2)

Table 3.1: Consumer Preference Table (Gender wise)

Gender/Choice	Branded	Unbranded	Both	Total
Male	94	45	33	172
Female	66	38	24	128
Total	**160**	**83**	**57**	**300**

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Table 3.2: Chi-square Table (Gender wise)

f_o	f_e	$(f_o - f_e)$	$(f_o - f_e)^2$	$(f_o - f_e)^2/f_e$
94	91.66	2.34	5.4756	0.05973
66	68.34	-2.34	5.4756	0.08012
45	47.58	-2.58	6.6564	0.13989
38	35.42	2.58	6.6564	0.18793
33	32.68	0.32	0.1024	0.00313
24	24.32	-0.32	0.1024	0.00421
Calculated value of χ^2 square =				**0.47501**

Degrees of freedom =(r-1)(c-1) = (2-1)(3-1) =2   Level of significance =0.05

Tabulated value of χ^2= 5.991

4.   Impact of Occupation on Buying Preferences

Since the calculated value of χ^2= **58.205** is greater than the tabulated value of χ^2=15.507 at 8 degrees of freedom and 5% significance level, the null hypothesis is rejected. Hence there is a significant difference on the basis of occupation of the respondents on their choice of branded and unbranded bakery products. Further, co-efficient of association **C = 40.31 %** indicates that there is a very good degree of association between occupation and buying preference towards branded and unbranded bakery products. (Table 4.1 and 4.2)

Table 4.1: Consumer Preference Table (Occupation wise)

Occupation/Choice	Branded	Unbranded	Both	Total
Business	29	05	09	43
Service	46	09	06	61
Housewife	40	36	10	86
Student	32	28	12	72
Professional	13	05	20	38
Total	160	83	57	300

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Table 4.2: Chi-square Table (Occupation wise)

f_o	f_e	(f_o-f_e)	$(f_o-f_e)^2$	$(f_o-f_e)^2/f_e$
29	29.93	-0.93	0.8649	0.028897427
46	32.53	13.47	181.4409	5.577648325
40	45.87	-5.87	34.4569	0.75118596
32	38.4	-6.4	40.96	1.066666667
13	20.27	-7.27	52.8529	2.607444499
5	11.9	-6.9	47.61	4.000840336
9	16.87	-7.87	61.9369	3.671422644
36	23.79	12.21	149.0841	6.26667087
28	19.92	8.08	65.2864	3.277429719
5	10.51	-5.51	30.3601	2.888686965
9	8.17	0.83	0.6889	0.084320685
6	11.59	-5.59	31.2481	2.696125971
10	16.34	-6.34	40.1956	2.45995104
12	13.68	-1.68	2.8224	0.206315789
20	7.22	12.78	163.3284	22.62166205
			Calculated value of χ^2 =	**58.20526895**

Degrees of freedom = (r-1)(c-1) = 8   Level of significance =0.05

Tabulated value of χ^2 = 15.507   Coefficient of association (c) = 40.31 %

5. Effect of product attributes on Buying Preferences

The calculated value of χ^2 = **119.936** is greater than the tabulated value of χ^2 =15.507 at 8 degrees of freedom and 5% significance level, thus the null hypothesis is rejected. Hence, there is a significant difference in the choice of respondents towards branded and unbranded bakery products, with reference to the product attributes under study. Further, co-efficient of association **C = 53.442 %** indicates that there is a very good degree of association between the products attributes and buying preferences. (Table 5.1, 5.2 and 5.3)

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Table 5.1: Consumer Preference Table (Products Attributes wise)

Attribute/ Choice	Branded	Unbranded	Both	Total
Price	5	16	21	42
Taste	41	09	08	58
Availability	10	12	16	38
Quality	84	08	05	97
Packaging	19	00	02	21
Freshness	01	38	05	44
Total	**160**	**83**	**57**	**300**

Since some of the frequencies of response to **packaging** and **freshness** are very low (i.e. <5), the rows representing these two attributes have been merged to facilitated proper application of chi-square test.

Table 5.2: Revised Consumer Preference Table (Products Attribute wise)

Attribute/Choice	Branded	Unbranded	Both	Total
Price	5	16	21	42
Taste	41	09	08	58
Availability	10	12	16	38
Quality	84	08	05	97
Packaging & Freshness	20	38	07	65
Total	**160**	**83**	**57**	**300**

Table 5.3: Chi-square Table (Products Attribute wise)

f_o	f_e	(f_o-f_e)	$(f_o-f_e)^2$	$(f_o-f_e)^2/f_e$
5	9.31	-4.31	18.5761	1.995285
41	30.93	10.07	101.4049	3.278529

10	20.27	-10.27	105.4729	5.203399
84	51.73	32.27	1041.353	20.13054
20	34.67	-14.67	215.2089	6.207352
16	11.62	4.38	19.1844	1.650981
9	16.05	-7.05	49.7025	3.096729
12	10.51	1.49	2.2201	0.211237
8	26.84	-18.84	354.9456	13.2245
38	34.67	3.33	11.0889	0.319841
21	7.98	13.02	169.5204	21.24316
8	11.02	-3.02	9.1204	0.827623
16	7.22	8.78	77.0884	10.67706
5	18.43	-13.43	180.3649	9.786484
7	34.67	-27.67	765.6289	22.08333
Calculated value of $\chi^2 =$				**119.936**

Degrees of freedom = (r-1)(c-1) = 8   Level of significance = 0.05

Tabulated value of χ^2 = 15.507   Coefficient of association (c) = 53.442 %

Null hypothesis is rejected.

GENERAL OBSERVATIONS-

♦   53.33% consumers prefer branded bakery products and 27.67% like to purchase unbranded bakery products while 19% consumers like to buy both branded and unbranded bakery products. (chart 1)


Chart 1 : Consumer's Buying Preference
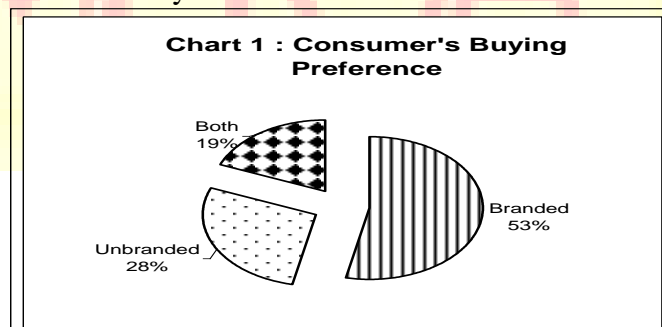
♦   There is no significant difference in the Consumer buying preference of branded and unbranded bakery products with respect to their age and gender.(chart 2 & 3)
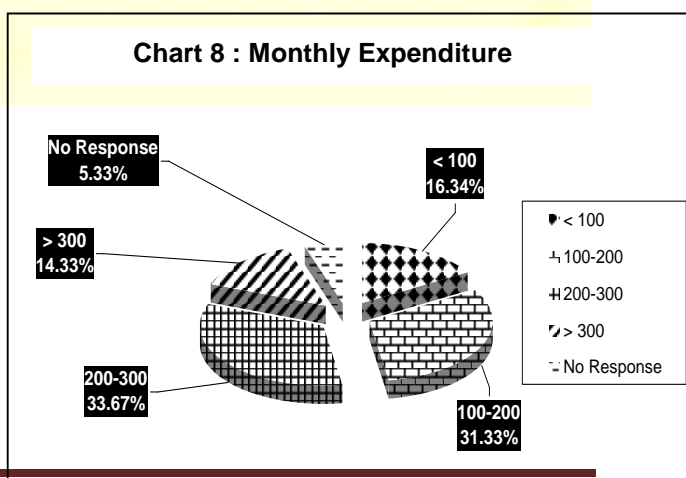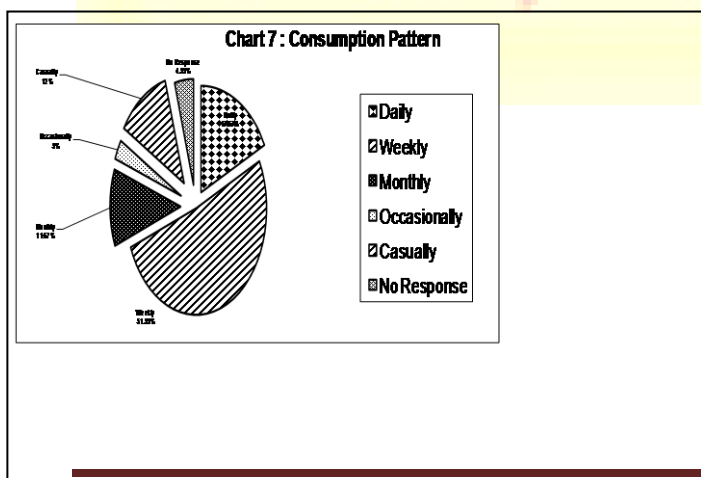
Chart 2 : Impact of Age on Buying Preference

Chart 3 : Impact of Gender on Buying Preference
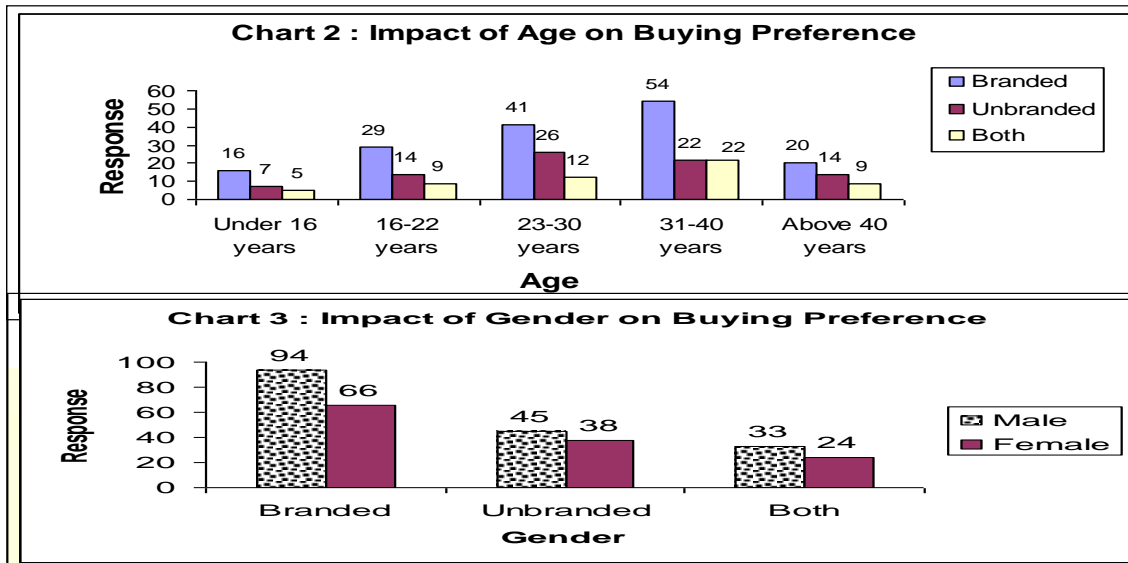
♦ Income of the respondent significantly affects their choice. Higher income group consumers prefer more of branded products due to quality and hygiene aspects. While consumers with low-income give priority to the price and prefer unbranded bakery products.(chart 4)

♦ Occupation of the respondents significantly affects their choice of branded and unbranded bakery products. Service class and businessmen like to buy branded bakery products whereas housewives and students have a bit inclination towards unbranded products.(chart 5)

Chart 4 : Impact of Income on Buying Preference

Chart 5 : Impact of Occupation on Buying Preference
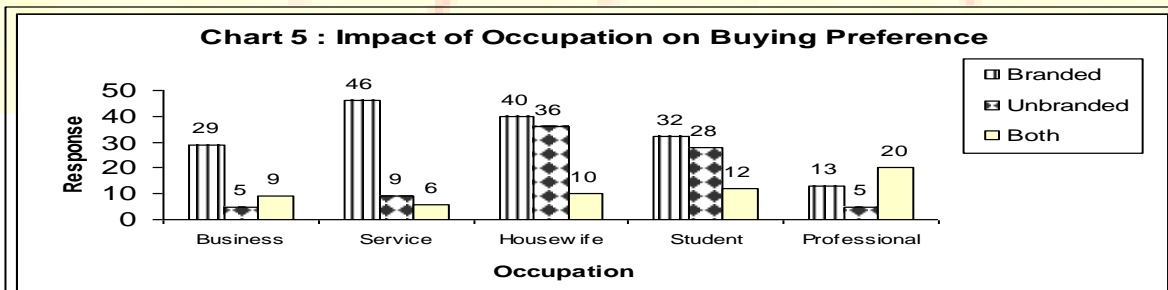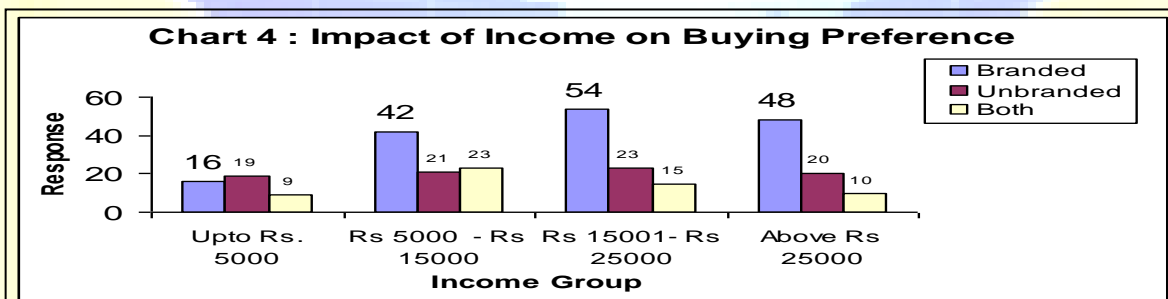
♦   Product attributes too have a significant effect on the consumer's buying preferences. Quality, taste and packaging go in favour of branded products while freshness and low price are the reasons to go for unbranded products. Quality is the most important attribute for preferring branded products with 58.19% respondents supporting it while 25.6% and 11.87% consumers consider better taste and effective packaging as reasons to buy branded products, respectively. Freshness and reasonably low prices are the reasons for selecting unbranded products .... chart 6

Chart 6 : Impact of Attributes on Buying preference
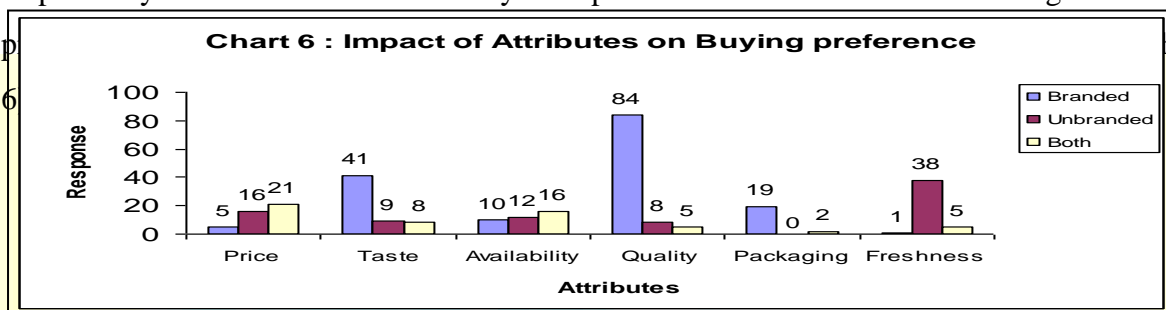
♦   Most of the consumers (51.33%) prefer to buy bakery products on weekly basis whereas 17.67% of them buy it on daily basis, 11.67% consumers buy on monthly basis, 3% consumer buy it occasionally, 12% buy it casually whereas 4.33% of consumer have not given any response. Bread is an exception as it is bought on daily needs due to freshness attribute.(chart 2)

♦   Monthly expenditure on bakery products is mostly between Rs. 100 to Rs. 300 as 31.33% respondents like to spend Rs. 100- 200 on bakery products while 33.67% respondents spend Rs. 200-300 on bakery products every month. Remaining 16.33% of respondents purchase product worth less than Rs. 100 and 14.33% respondents spend more than Rs.300 per month while 5.33% respondents have not given any response.(chart 8)

Chart 7 : Consumption Pattern

Chart 8 : Monthly Expenditure

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Preference of Pack size-

♦   **Biscuits**   **-** 200g and 100g packs are most popular with 31.67% and 28.33% consumers going for it respectively.

♦   **Cake**   - 200g and 400gm pack sizes are preferred most in cakes as 37.33% and 27.67% consumers buy in these sizes respectively.

♦   **Bread**   - 200gm and 400gm packs are on top priority of present and potential buyers, as 40.33% and 36.67% consumers prefer them respectively.

♦   **Rusk**   - 200gm pack is the most preferred pack size as 39.67% consumers like it. 150gm pack is the second most preferred size due to liking of 18.33% consumers.

Retailers opinion about bakery products –

♦   **Quality** - 46.67% retailers feel that the quality of branded bakery products is better than the unbranded local products, while 20% of them opined that unbranded bakery products are having better quality.

♦   **Price** - 83% retailers agreed that the prices of branded products are higher than the unbranded products.

♦   **Freshness** - 86.33% retailers have said that the freshness of unbranded/local bakery products is much better than the branded ones as it takes 3-10 days on the transit for the branded products to reach the ultimate consumers whereas local/unbranded bakery products are supplied on daily basis.

♦   **Packaging**- 86.67% retailers said that the packaging of branded products is safer, hygienic and more attractive as compared to unbranded products.

♦   **Availability**- 80% retailers have said that branded bakery products have better availability in town as compared to unbranded products.

CONCLUSION AND RECOMMENDATIONS

Bakery industry has tremendous potential in this country, especially in small towns. Bakery products are mostly perishable in nature and do not have effective distribution system in small City like Rewa. The industry is flooded with local producers who provide fresh products at low price but there is a concern for hygiene and quality. The marketers of branded products

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need to enhance their distribution system to capitalize on rising consumer demand. While, local manufacturers need to focus on their quality, packaging & promotional tools to survive in the longer run.

Increased purchasing power has enabled the consumers to pay more for good quality and better taste. Extension of product line by value addition and catering to specific consumer need is required to increase the market potential. Some bakery products can be promoted as health food for calorie and figure conscious consumers and premium brands can be marketed to status conscious consumers.

The marketers of branded and unbranded products are advised to share their distinctive competence by entering into contract manufacturing and adopting service sponsored retail system to reap the mutual benefits. Rationalisation and standardisation will be the key to success in near future.

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