A battle between branded and me too brands (unbranded) products

Hasan, Syed Akif and Subhani, Muhammad Imtiaz and Osman, Ms. Amber

Iqra University Research Centre (IURC), Iqra university Main Campus Karachi, Pakistan

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Muhammad Imtiaz Subhani
Head Research
Iqra University Research Centre-IURC , Iqra University- IU, Defence View, Shaheed-e-Millat Road
(Ext.) Karachi-75500, Pakistan
E-mail: drsubhani@yahoo.co.uk
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806

Syed Akif Hasan
Vice President
Iqra University- IU, Defence View, Shaheed-e-Millat Road (Ext.)
Karachi-75500, Pakistan
E-mail: hasandrakif@gmail.com
Tel: (92-21) 111-264-264 (Ext. 1513); Fax: (92-21) 35894806

Amber Osman
Manager Research
Iqra University Research Centre-IURC , Iqra University- IU, Defence View, Shaheed-e-Millat Road
(Ext.) Karachi-75500, Pakistan
E-mail: amber.osman@yahoo.com
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806

Abstract

Consumers have numerous options to select and buy various kinds of products. A retail outlet offers branded and me too (unbranded) items to the customers to buy from. The consumption pattern of both forms of products has which sort of variations, requires an accurate estimation and findings. For the outlined stated manifesto, personal survey technique was employed for grabbing the first hand data. Co- integration was used to understand and judge the co-variation between branded and me too (unbranded) products. Exclusive insights were revealed between the two different classes of product that an increase in consumer's income level urges consumers to increase their consumption of branded products. Similarly, consumers opt to purchase branded product as there is a strong perception that branded items have good quality. While, it is also found that if there is an increase in the prices of branded and unbranded products than none of the products clearly win the battle and they have the same pattern for being consumed which is the co-movement of their consumption patterns.

Keywords: branded products, me too brands, Co-movements, Consumption patterns

1. Introduction

By far the consumption pattern has been studied in Pakistan with respect to different utilities, clothing and restaurant. It has been brought on record that since few years the concept of brands has evolved even more as people are more brands conscious and are tempted purchase branded items. In a modern study by Bailey (2010) on consumer spending in recession, it was apparent that most of the consumers are stuck with their new normal consumption habits and do not want to return to their old spending habits (Bailey, 2010). When one seeks to develop a thought on Consumer spending, it has been categorized into two types i.e. regular and lifestyle spending. Regular spending includes consumption of basic necessities e.g. soft drinks and lifestyle consumption includes on luxury item for e.g. cell phone cars etc. Analysis on consumer spending in the last 10 years revealed that on average consumer is spending on an increased numbers of different goods. There are number of pattern affecting the consumer spending pattern, which includes growing income level resulting in high disposable income with individual, changing attitude towards consumption, changes in prices, members in the family and brand constrains include loyalty, awareness and prestige.

In this paper, two focal points are pondered and resulted. One is to understand the variation between branded and me too (unbranded) products variations in buying/consumption. Second, the factors that cause variations in consumption of the brand and me too (unbranded) products. A universal concept of consumer perception may vary from product to product and situation to situation. The current scenario of the Pakistan state in which stagflation is dominant as one can see the economy of this country is not prospering with hiking prices of every utility of life along with an increase in unemployment rate and bad administration of the country. The reason is that the production capacity had reduced by uncertain supply shocks, such has unfavorable increase in prices tend producer to produce less at high cost resulting low profits and shunting the employees (Delong, 1998). The resultant is no jobs, which leads to less spending on a common person's daily spending i.e. food, shelter etc. This situation has also tickled the upper-middle class of consumers. The consumers randomly shift from one brand to another or switch from a brand to me too brand or vice versa is mainly due to income level and price factor.

2. Literature Review

2.1 Branded Items

Aaker (1991) defined as "brand is a distinguishing name and/or symbol such as logo, trade mark or package design intended to identify the goods, services of either one seller or group of sellers and to differentiate those goods or services from those of competitors."

The brand names are not just mere names, terms, symbols and designs and they are elements with attributes specifically designed to single out products and services for the consumer (Murphy, 1991).

2.2 Me too (Un-branded) items

The items which has no recognition in the market by a name they are treated as a commodity, Items where consumers are hesitant to choose. Products that are on low-involvement zone such as pins, match box, bread etc are randomly bought else for other high-involvement products zones brand names are preferred (McEnally, 1999).

The un-branded items are also chosen when the price of the product is cheaper and you can get two more in the same price. It all depends on the consumers' income, affordability which also translates the status quo.

Consumers evaluate a product based on their perception on price, quality and value of product. The objective attributes of products such as durability of a product is secondary. This is a subjective judgment. The perception quality is a higher level summary for the product. It is not any specific

attribute of a product but is a subjective judgment based on consumers own concrete assumption (Parasuraman, Zeithman and Berry, 1985).

2.3 Brand as symbolic resource

Consumer product based on product utilities and also because of the symbolic meaning attached to it; Social symbolism and self identity is provided mostly by promotional activities for the brands, which attracts the consumer to opt for the branded or me too (unbranded) products allowing the consumer to exercise free will to form an image of who and what he or she wants to be (Elliot and Wattanasuwan, 1998). The possession of branded goods may be an aspect of symbolic self completion, where individual recognizes oneself as lacking a personal quality attempt to fill the gap using symbolic resources (Wicklund and Gollwitzer, 1982).

2.4 Brand as a quality factor

Consumers generally identify branded products are of higher quality. Quality factor in un- branded products is doubtful. Consumer judge the branded product from its fine quality and packaging. It is known that consumer face difficulties making decision for the quality of many food products, specifically when they are unlabelled and unbranded (Grundva°g and Østli, 2007; Anderson and Anderson, 1991; Grunert, 1997; Grunert et al., 1996; Juhl and Poulsen, 2000).

Search, experience and credence are the categories which defines consumer effort to evaluate food product quality (Anderson and Anderson, 1991; Grunert, 1997). Search is a quality attribute that consumer can judge prior to purchase such as price, appearance etc. Experience is a quality attribute which can be evaluated only after purchasing a product i.e. once they have used and tried the product (Nelson, 1970). Quality dimensions of food product can only be judged after eating it such as taste, flavor. Credence refers to qualities that cannot be normally evaluated, even after buy and use.

The battle between branded versus unbranded items is captivating all markets Pakistan. The markets for almost all kinds of items e.g. clothing, perfumes, drinks, gadgets etc. are very competitive at the moment. Consumers seek more for their money with increased features and benefits. Also, there has been a flood in the market with unbranded product offerings and 'buying with confidence' isn't part of their ethos. Branded products allow a continuing supply from a trustworthy source. Providing the brand is strong enough and products are marketed in the correct way, unbranded products shouldn't cause a huge threat (Bailey, 2008).

The present study primarily focuses on how consumers evaluate branded vis-à-vis me too (unbranded) products based on factors such as income level and price, quality, variety etc. The consumers are more savvy and wise to spend their hard-earned money. As the variety of brands and even generic items as increased there are consumers who choose to often change their buying decisions and try something new available in the super markets and other whole sale stores. In Karachi, for instance it is witnessed that consumers in the supermarkets have a trying brand attitude and they always want to buy brands rather than a me too product if they have enough money to spend because of the quality and a foreign label in food items, cosmetics, perfumes etc.

3. Research Methodology

3.1. Description of Sampling Criteria, Data Collection and Econometrical Test

For investigating the research objective, monthly data for the period of 1985 to 2011 comprised upon the consumption of branded and non branded products on the basis of consumer's income, product quality and their prices have been collected from the economic survey of Pakistan for all the major cities which include Karachi, Islamabad and Lahore. The Co-integration was used to understand and judge the co-movements between the consumptions of branded and me too (unbranded) products on the basis of consumer's income, quality and the prices of both the products.

4. Results and Findings

The presence of non-stationarity at same order in the series of consumptions of both branded and unbranded products are witnessed, therefore, Johansen co-integration (Bi-variate) test is applied to investigate the co-integrating properties of the consumptions of branded and unbranded products. For interrogating the co-movements, we first tested and investigated the co-integrating equation by applying the Johansen bi-variate co-integration on the consumptions of both the branded and non branded products on the basis of consumer's income, and then thereafter, co-integrations on the basis of quality and prices of both the brands and unbranded product.

Table 1: Johansen Bi-variate Co-integration between the consumption patterns of Branded and Unbranded Products.

VARIABLES / SERIES	LOG-LIKELIHOOD	T-STATISTICS
Consumption of Branded and Unbranded Products on the basis of Income	-231.62	9.60231
Consumption of Branded and Unbranded Products on the basis of Quality	-229.04	8.00651
Consumption of Branded and Unbranded Products on the basis of Prices	-131.03	17.89211
Mackinnon Critical Values (4890 Observations)	**1%**　　**16.11** **5%**　　**14.07**	

Figure 1: Co-Movements between the consumption patterns of Branded and Unbranded Products on the basis of consumer's income, on the basis of products quality & on the basis of prices.
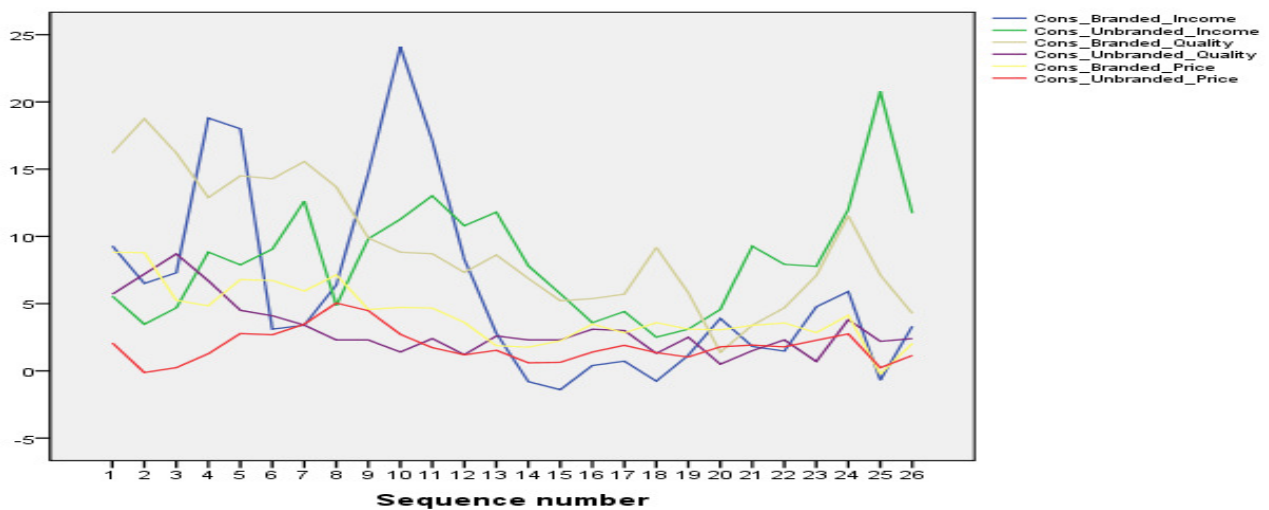
Bi-variate co-integration between the consumptions of both the brands on the basis of consumer's income and product's qualities as shown in Table 1, reports that there are no co integrating equation found significant as the trace statistics (T-Stat) < Mackinnon Critical Values at both 1% and 5% therefore, we failed to accept the proposition that there is a co-movements between the consumption of branded and unbranded products on the basis of consumer's income and the products quality as the consumers prefer to consume more to branded products on the basis of their income and product quality as shown and supported by figure 1.

When investigating bi-variate co-integration between the outlined consumption of branded and unbranded products on the basis of their prices, the results reveals that the absolute values of calculated

t-statistics is found above to the conventional Mackinnon critical value at 1% and 5% for the co-movements of consumption of branded and unbranded products, hence, these two products are so to speak as co-integrated in terms of their consumptions on the basis of their prices as shown in table 1 and figure 1.

5. Discussion and Conclusion

This paper confirms that the consumptions of branded and unbranded products on the basis of their prices are co integrated, i.e. if the prices of branded and unbranded products go up the consumptions for both the products go down hence their consumption pattern co-move with each other. While, the consumption of both outlined products on the basis of consumer's income are not co integrated at all as the increase in income of the consumers turn them to buy more branded products then unbranded ones.

The findings of this research confirms that the battle for being consumed more is always won by the branded products if the battling between them relies upon an increase in consumer's income and consumer's intent towards the quality but the said fight is clearly won by the consumption of branded products as the consumer's income shoots up. Whereas, if the arena is characterized by their prices then none of the products clearly wins the battle and they have the same pattern for being consumed.

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