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The Study of Behavior towards Private Label Products among Chinese Consumers in Shanghai

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Abstract
The research attempts to examine what marketing factors influence the behaviors toward private label products and consumers' purchasing intentions among Chinese consumers in Shanghai, China. Online questionnaires were distributed to 240 samples in Shanghai. Descriptive statistical analysis were adopted to investigate and interpret the results from the online survey. The findings of the study show that Chinese in Shanghai like to go shopping every week, and Walmart is the most favorite place to go shopping. For private label product use, 81.7% of the respondents used to experience private label products before. In this study also reveals some interesting information about Chinese respondents who used to purchase private labels, the most influence factor is that they believe the quality is value for money, however; for strongest factor influenced the not buying behavior is that they never heard any type of advertisement about private label products. Finally, apparel category held the lowest buying frequency compared to food and grocery category.
Keywords: Private label, marketing factors, manufacturer brand, intention to buy private label products

1. Introduction
Asia is still a growing market and the view of store brands resembled as what consumers in the US thought of them in the 1970's to 1980's (Neilson report 2014). Moreover, retailers may not have invested the resources and attitude towards consumers' purchase intentions which are primarily influenced by consumer characteristics and there are many influences behind consumers' decisions of choosing one brand over another. For a brand in each category to survive and to stay healthy in the market, both manufacturers and retailers need to understand the key marketing factors driving consumers' decision to purchase or not purchase those brands or products on the shelf. It is more interested in getting into the market and meeting the needs of their new customers rather than impose new ideas upon them. Culturally, Asia varies from country to country, the purchasing behaviors of consumers in China which has more than 1.3 billion population and there are 56 different ethnic groups who speak over 250 different languages (Wikipedia). According to Neilson report 2014, reaching such a broad base of consumers across such a huge country is a daunting challenge and bringing private label products to such a diverse culture is even more so. Bulk purchases are another example. Whereas many in the US like to stock up on products, most shoppers China shop on a daily basis and just do not have the room to store bulk purchases. Chinese consumers seem to have a strong loyalty to brands they have grown up with and the growing middle class in many parts of Asia might shy away from products they see as a budget product, instead going for more expensive brands which they or their parents could not afford 10 or 20 years ago.

2. Objectives
2.1 To explore marketing factors that affect purchasing behavior of residents in Shanghai, China.

2.2 To study buying private label behavior in three main product categories consists of food, grocery and apparel category.

3. Research Questions
The research main objective is to understand marketing factors that affect purchasing behavior of residents in Shanghai, China. Therefore, the research question is "What marketing factors (product, price, place and promotion) affect private label product purchasing behavior and purchasing intention of residents in Shanghai, China in three main product categories (Food, Apparel and Grocery).

4. Significance of the Study
Currently, retailing sectors in China become higher competition between one another, on the other hand, they also need to maximize the profitability of the store by increasing the private label products. Therefore, it is important for retailers to explore the possibilities of roping the customers to stores and trying to understand the insight marketing factors. This will lead to explore the association of variables such as product price, place, promotion and etc., and will finally create intention to buy them. As the result in this research will help the retail marketing team to take some strategic decisions to create higher tangible and intangible value to the private label

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products that later will expand the product line in portfolio and help maximize the total contribution of the store revenue.

5. Methodology

5.1 Topic Selection

As mentioned in the background that private label products are popular among consumers in western countries, but it still experienced slow growth and underdeveloped and relatively new among some of Chinese consumers. Even though, private label brands in China were launched into the market for decades, but the response rate is still not so satisfied for the retailers. In China, Shanghai is the largest Chinese city by population, with of more than 24 million population. It is also a global financial center and a transport hub with the world's busiest container port. For centuries a major administrative, shipping, and trading town, Shanghai grew in importance in the 19th century due to European recognition of its favorable port location and economic potential(Wikipedia). Shanghai also have multi-international and local modern trades operated to supply groceries and other types of product to feed the huge number of the population.

5.2 Research method

The method of combining the use of both quantitative method and qualitative method to collect the data will be applied into this research. The survey questionnaire as the quantitative method is selected. The interview is used as the qualitative method to approve questionnaire items. To clarify, the questionnaire is the main method with the interview's answers to support and exemplify the results from questionnaires.

5.3 Data collection

The primary data in this research was collected from the questionnaire survey. The author used a convenient sample of relevant population who could respond to the questionnaires. Also, the author used Microsoft Excel which is generally used as statistical software, to process and formulate the collected data from questionnaires. The findings of the questionnaire will be explained by tables in the findings part.

5.4 Sampling size determination

The target population is 240 Chinese residents who live and study Shanghai with the age ranged from 18-30, 31-40, 41-50, 51-60 and more than 60 years old. The reason behind choosing this target sample is that they are likely to have their own income and expected to spend money on buying the three focal product categories including food, grocery and apparel category

5.5 Methods of spreading the questionnaires

The 240 questionnaires were given to residents in Shanghai via online spreadsheet called Wenjun. Moreover, the author reached the target samples to respond to the questionnaire from social networking cites such as Facebook and QQ by posting the URL on the respondents‟ wall, and email by sending the URL to the respondents‟ emails. By using online communities, the author could share URL and the respondents could easily click the URL and it led them automatically to the questionnaire. When the respondents finished answering the questionnaires, they could easily press the submit button at the end of page and the results will be automatically kept by the website.

6. Results

6.1 Demographic information

The questionnaire was produced for 240 samples, 118 respondents were male and 122 were female. There are also three main items were considered in this part, which are age, occupation and monthly income. For the age category, was separated into five groups. There were 121 respondents which is the largest group among 18 to 30 in this group with 50.4% of the total respondents. There were 52 respondents in the second large group which age among 31 to 40 with 22.7% of total respondents. Then, there were 34 respondents in the third large group which age among 41 to 50 with 14.2% of total respondents. Then followed by the age between 51-60 and more than 60 with 25 respondents (10.4%) and 8 respondents (3.3%) respectively.

For the occupation items, there were six different occupations in this study, such as student, Officer, business owner, professional, housewife and other occupation. The most distributed occupation was students, there were approximately 45.4% which included 109 respondents, the second large group were salaried, which included 51 (or 21.3%) respondents, the third group were business owner, which included 43 (or 17.9%) of total respondents. And for the professional, there were 17 respondents, which as 7.1% of total respondents, for the others group, there were 11 respondents, which as 4.6% of respondents, this figure is followed by housewife with only 9 respondents or 3.8%.

For the monthly income items, the question divided into five groups. For the respondents who were in the biggest group were the disposable income less than 5,000 RMB per month, there were 134 respondents which as 55.8%, the group of 5,001-10,000 RMB per month was the second large group, there were 65 respondents which as 27.1%, the group of 10,001-15,000 RMB per month were the third large group, there were 21 respondents which as 8.8%. And the group "More than 20,000" included 11 respondents which as 4.6%, the group "15,001-20,000 RMB" included 9 respondents which as 3.8%.

Table 1: Summary of demographic information

Age		
Demographic	Frequency	Percent
18-30	121	50.4%
31-40	52	21.7%
41-50	34	14.2%
51-60	25	10.4%
More than 60	8	3.3%
Occupation		
Student	109	45.4%
Salaried	51	21.3%
Business	43	17.9%
Professional	17	7.1%
House wife	9	3.8%
Others	11	4.6%
Income		
Less than 5,000	134	55.8%
5,001-10,000	65	27.1%
10,001-15,000	21	8.8%
15,001-20,000	9	3.8%
More than 20,000	11	4.6%

6.2 Shopping behavior

For the shopping behavior item, the questions divided into five groups. For the biggest group of the respondents were those who go shopping every week, there were 132 respondents which as 55%, the group of every month shopping was the second large group, there were 81 respondents which as 33.8%, the group of every 2-3 month shopping were the third large group, there were 15 respondents which as 6.3%. And the group "more than 6 month shopping" included 7 respondents which as 2.9%, the group "every 6 month shopping" included 5 respondents which as 2.1%. However, for the spending per one-time shopping item, the question divided into 5 groups. For the respondents who were in the biggest group were spending 100-500 RMB per shopping, there were 139 respondents which as 57.9%, followed by the group of less than 100 RMB one time shopping with 72 respondents which as 30%, the group of 501-1,000 RMB was the third large group, there were 17 respondents which as 7.1%. And the group "1,001-1,500 RMB and More than 1,500 RMB one time shopping" included 7 and 5 respondents which as 2.9% and 2.1% respectively.

The most popular store is Walmart with 181 respondents visit regularly, followed by other supermarkets, Lianhua, Carrefour and RT MART with 102, 96, 75 and 53 respondents visit regularly respectively.

Table 2: Shopping behavior (shopping frequency, one time spending and most visit stores)

Shopping frequency		
	Frequency	Percent
Every week	132	55.0%
Every month	81	33.8%
Every 2- 3 months	15	6.3%
Every 6 months	5	2.1%
More than 6 months	7	2.9%
Purchase per one time(RMB)		
Less than 100	72	30.0%
100-500	139	57.9%
501-1000	17	7.1%
1001-1500	7	2.9%
More than 1500	5	2.1%
Most visit stores(can select more than one store)		
Walmart	181	75.4%
Lianhua	96	40.0%
Carrefour	75	31.3%
RT MART	53	22.1%
TESCO	23	9.6%
Others	102	19%

6.3 The reason for buying private label products.

In this study reveals some interesting information about Chinese respondents who used to purchase private labels, the most influenced factor is that they believed the quality is value for money with the highest mean of 4.46. This figure is followed by quality is value for money (mean=4.32) and Product is available at the distribution channel (mean=4.24). However; the lowest influenced factors are friend's recommendation and in favor of the packaging performed the lowest figure (mean=3.70 and 3.59). Furthermore, value for money, reasonable price and product availability at the distribution channel and friend's recommendation were most evaluated the highest with their mode score of 4.00.

Table 3: The reason for buying private label products among Chinese respondents.

Item	Statement	N(Valid)	Missing	Mean	Median	Mode	Std. Deviation
1	Quality is value for money	197	0	4.32	4	4	0.95
2	Price is reasonable.	197	0	4.46	4	4	0.88
3	Favor of the packaging of the product.	197	0	3.59	4	3	1.05
4	Product is available at the distribution channel.	197	0	4.24	4	4	0.94
5	Recommended by friends.	197	0	3.70	4	4	1.08

6.4 The reasons for not buying private label products.

For those Chinese respondents who never purchased private label products, the strongest factor influenced the not buying behavior is that they never heard any type of advertisement about private label products (mean=4.56). The second strongest factor is that they believed that private label products' quality is lower than other national brands and price is too cheap so they question about quality with the mean of 4.26. This figure is followed by packaging looks less attractive than other brands (mean=4.00), and the lowest contributed score is the product availability item with the mean of 3.98. Furthermore, all of the factors, influenced not buying behavior, performed the same mode of 4.00, besides the product availability item performed the lowest mode score of 3.00.

Table 4: The reason for not buying private label products among Chinese respondents.

Item	Statement	N(Valid)	Missing	Mean	Median	Mode	Std. Deviation
1	Product quality is lower than other national brands.	43	0	4.26	4	4	1.27
2	Price is too cheap, so I question about the quality.	43	0	4.26	4	4	1.27
3	Packaging looks less attractive than other brands	43	0	4.00	4	4	1.33
4	Product availability is less than national brand products.	43	0	3.98	4	3	1.20
5	I never heard any type of advertisement about private label product.	43	0	4.56	4	4	1.28

6.5 Category purchasing behavior

For private label purchasing behavior in China, apparel category held the lowest buying frequency with 80%, this figure ranged from 34% never buy it, 24% rarely buy and 23% buy sometimes. While, buying often, very often and every time are 9%, 6% and 5% respectively. For food category, 53% of the respondents buy private label product with low frequency ranged from 19% never buy it, 10% rarely buy and 23% buy sometimes. While, 26% often, 15% buy very often and only 7% buy private label products every time they have a chance to. The last category is grocery category 50% buy product label with low frequency rate, around 18% never buy it, 10% rarely buy and 23% buy it some time, however; 32% of Chinese respondents often buy private label in grocery category.

Table 5: Private label purchasing behavior in food, grocery and apparel category

Item	Category	Mean	Mode	Never	Rarely	Sometimes	Often	Very often	Every time
1	Food	3.27	4	19%	10%	23%	26%	15%	7%
2	Grocery	3.25	4	18%	10%	23%	32%	14%	4%
3	Apparel	2.44	1	34%	24%	23%	9%	6%	5%

7. Discussion

7.1The sample size for Chinese is 240 respondents, 118 Chinese respondents were male, 112 were female. The biggest group of the Chinese respondents went shopping every week (55%) and shopped around 100-500 RMB. The most popular supermarket to shop was WALMART (75.4%).

7.2 Empirical findings for Chinese consumers showed that 81.7% of the respondents used to buy private label, while the other 18.3% has never experienced any private label product category before. In this study reveals some interesting information about Chinese respondents who used to purchase private labels, the most influence factor is that they believe the quality is value for money with the highest mean of 4.46. This figure is followed by quality is value for money (mean=4.32) and Product is available at the distribution channel (mean=4.24).

7.3 Results of this research contribute for both retailers and manufacturers, since the private label products in China are less developed compared to western countries, so the retailers should know their consumer characteristics and understand how the market has moved in each period of time, while manufacturer brand, whose market position is experiencing more seriously threatened by private label products, need to understand the segments that are not attracted to private label products and try to develop strategies to maintain the products on the shelves.

8. Limitation

8.1 Sample size of 240 samples for each experiment is considered small compared to the number of residents in Shanghai which are approximately about 24 million (Source: CIA World Factbook2015), resulting in a citing research results must be done carefully.

8.2 This research was conducted as a One-Shot Study, which took a short time to collect information and did not follow-up the participants repeatedly. Therefore, the conclusion must be referred to the specific period of time of research and the research must be cited carefully.

9. Future study and conclusion

9.1 Based on the questionnaire, questionnaire of the future research should extend more area, the volume of question items should increase, and it also can recruit more research respondents to increase research validity. Additionally, it could be more categories of private label product categories such as Electronic devices, cosmetics, home décor and so on. Moreover, due to the increase in number of variety of the private label in the recent years.

9.2 This study has not addressed how to deliver and implement strategy to achieve the better level of purchase intention in each category very clearly. Therefore, for the further research, it necessary to the researchers pay attention to how the retailers implement the strategy to increase the purchase intention of private label brand in each category.

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