CHAPTER II

REVIEW OF LITERATURE

2.1 OVERVIEW

This chapter is organized into two parts. The first part discusses the various literatures pertaining to PL. The second part provides an overview of the dependent and independent variables.

2.2 LITERATURE REVIEW

The literature review provides the present research with a theory base. It is critical and important for the researcher to have an overview of what has gone before. In this chapter a detailed review of literature from 1993 to 2012 has been made.

Kevin Lane Keller (1993) on conceptualizing, measuring and managing customer based brand equity, defines the brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. A brand will have positive/negative customer based brand equity when consumers react more or less favourably to an element of marketing mix for the brand than the same marketing mix element when it is credited to a dishonestly named or unnamed version of the product or services. The brand knowledge comprises of two elements brand awareness and brand image. The brand awareness consists of brand recognition and brand recall. The brand associations are conceptualised in terms of their characteristics by type, favourability and strength in terms of their relationship with other associations. The customer based brand equity occurs when the consumer is aware of the brand and holds some favourable, strong and unique brand associations in memory. The study finds how customer based brand equity is built measured and managed. For building brand equity requires creating familiar
brand name and a favourable brand image. The study floats six general guidelines for managing customer based brand equity. First, the marketers should frame the marketing activity in such a way that marketing of a brand can create value for the brand by improving consumer’s ability to recall the brand or by maintaining or changing favourability or strength of various types of brand associations. So influencing brand knowledge in different ways the marketing activity can potentially affect sales. Second, the marketers should specify the desired level of awareness and favourability, strength, uniqueness of product and non-product related attributes. So the core needs are satisfied with the brand. Moreover, identifying the secondary associations of the brand to the company, place and person are also vital. Third, the marketers can use marketing communication alternatives such as sponsorship for sports and games, entertainments and in-store advertisements. Fourth, a long term view shall be in the mind for decisions taken by marketers. The changes in brand awareness and image can impact brand equity shall also be considered at the time of taking decisions.(E.g. temporary price cuts). Fifth, continuous studies is done to track the consumer knowledge to find changes in brand knowledge and to see how changes might be related to the marketing mix. Lastly, the potential for brand extension shall be considered. The brand extension is used to capitalize the brand image on the core product or services. Brand extensions provide acceptance to the new product or services. The reason is that already the brand is in the memory of consumers and the product attributes such as quality is well aware by consumers. But there is a school of thought that brand extension may hurt the image of core product, so extension shall be done keeping in mind the existence of core product.\footnote{Keller, K.L. (1993), “Conceptualizing, measuring and managing customer based brand equity”, Journal of Marketing, Vol. 57 No.1, pp. 1-22.}

Hussain Ali Jafri, Trey Rodgers and D. I. Padberg (1993)\textsuperscript{2} find that private labels only emerge when the national brand products are successful and generate high volume. The high prices received for advertised brands are considered as a novelty premium. The factors which prioritize this premium above the cost of presenting private labels would include: a risk premium (many new products will not be successful), manufacturing costs while the volume of products is too small, advertising and other marketing costs, introduction costs and special costs for distributing a small introductory volume. The some products would have a higher premium than others. A product early in its product life cycle will have higher risks and higher premiums than a product in the more mature stage of its lifecycle. The reason for the increase in price differences between national brands and private labels involve the role of advertising and the explosion of brands. The national brands are heavily advertised. The recent evidence suggests that national brands may be charging higher prices due to their overall market power and an increased product differentiation. If the level of market concentration increases or the elasticity of demand for good decreases, the national brand-private label price margin widens. Apart from that the price behaviour of private labels adds a significant price competition dimension for the product\textsuperscript{95}.

Stephen J Hoch and Shumeet Banerji (1993)\textsuperscript{3} analyse the major determinants of private label success in supermarket industry. The private labels perform in large categories offering high margins. The private labels also perform well when the manufactures of national brands spend less on advertising. More over now a day, the consumers believe that the quality aspect is more important than the price. One of the interesting phenomena concerning PLBs is that the store brand growth has been highly

un-even across product categories. The study examines the relationship between the private label market share and the consumer, retailer and manufacturer related variables while controlling the impact of private label availability. The nine variables that were identified and could potentially account for private label success are quality of the private label, quality variability of the private label, category gross margin, category retail sales, level of price discount off private labels of national brands, number of national manufactures in the category, amount of national advertising per manufacturer, item proliferation and promotion intensity. The major determinants of private label success identified from consumers, retailers and national manufactures perspective are, product quality, quality consistency, category retail sales, category gross margin(retailers perspective),number of national manufactures and national advertising per manufacturer (national manufactures perspective)\textsuperscript{96}.

Alan Dick, Arun Jain and Paul Richardson (1995)\textsuperscript{4} find out that the older households tend to avoid store brands while young households buy store brands. The higher income households can manage to pay for national brands crossways whereas the lower income shopper’s aversion to store brands may reflect limited expertise in brand selection or a lack of need. The family size has a strong influence on store brand proneness. The majority of those living in a household with five or more members are likely to buy store brands, where as the smaller households seemed to be more likely to lock up their purchases to nationally brands. So the financial weight among the groups may partially determine store brand proneness. The private brand proneness is related to quality perceptions. Apart from quality, the risk is associated with private label purchase. The fear of risk arises because the desirable attributes, ambiguity regarding product

performance, or a logic that the purchase of a particular brand may invite social disapproval. The study finds that that there is a significant difference between store brand prone and non-store brand prone shoppers with respect to the perceived risk associated with buying store brands. The low store brand prone shoppers are afraid that the private label brands are of inferior quality and tend to believe that store brand purchase may result in financial loss. There are chances that, those who are buying store brands may be viewed as cheap individuals. The store brand prone shoppers observe store brands as having much greater value for money than do non-store brand prone shoppers. The store brand prone consumers display greater familiarity and usage experience with store brands than those reluctant to buy them. The greater familiarity serves to increase the understanding that store brands are of better quality than one might expect in the absence of experience\textsuperscript{97}.

\textbf{Raj Sethuraman (1995)}\textsuperscript{5} articulates that, the price cut of national brands significantly influence private label sales. Based on aggregate cross-price elasticity across all brands, it is not possible to state that the effect of national brand price cut on private-label sales is greater than the effect of private-label price cut on national brand sales. But the elasticity estimates for the private brands are less stable, which leads to fewer cases where the cross-price effects are statistically significant. One possible reason for this may be that, there are multiple national brands and one store brand in a category, so the effects of private label price cuts are spread over several national brands resulting in lower stability. Apart from that, the private-label price cuts have little impact on several national brands. There are some brand characteristics that influence cross-price elasticities. The national brands with large market shares are likely to take more sales

away from private labels by discounting than small share national brands, but less likely
to be affected by private-label price cuts. The findings of the study support that the
market share = market power theory. Large market-share brands possess market power
because of their high awareness, advertising levels and popularity. The conclusion is that
the price cuts by private labels do not affect the national brands in the short run but in the
long run it can get affected. The national brands which are priced low can compete with
private labels having low price and for premium national brands, the private label is a
threat.

George Baltas (1997) states that, the tendency of consumer to make brand
decisions out of the store and to try new products did not have an important influence on
probability of store brand purchase. The national and store brand consumers can be
targeted by in-store promotions and special displays. The store brands have become
mature, established products with appeal not related to consumer innovation. The
consumers who usually search for price cuts and special offers are not store-brand prone.
The store brands are permanently placed in lower price and do not promote as often as
national brands do. In contrast, consumer tendency to choose the cheapest alternative had
a positive effect on picking the store brand since the latter is offered usually at the lowest
prices of the product category. The study points out that, the private label buyer is likely a
switcher and not a shopper with a stable, narrow brand inventory. The price and
consumer preference affect choices. It is found that more than the price aspects the
consumers also buy store brands simply because they prefer them. It all shows that the
quality has improved for the retailers over the years. The product related experiences in
terms of familiarity, psychological proximity variable reflects perceived risk and amount

elasticities”, Marketing Letters, Vol. 6 No.4, pp. 275-286.
of information available to the consumer about store brands. The store brand purchasing is more likely when the consumer is confident of the satisfactory performance of the product. The consumers with special requirements from the category, high involvement and strong preferences toward specific brands are attached to national brands as it provides a secure alternative in many consumption situations. The consumers who are highly involved with the product class are more likely to experiment by trying different brands in order to form more confident opinions and preferences regarding the available alternatives. The more brands are supposed to be acceptable, when private label proneness increases and the frequency of shopping category has a positive effect. The heavy users and other consumers with high quantity requirements are more likely to shop an economical alternative which results in significant savings\textsuperscript{99}.

\textbf{Sanjay K Dhar and Stephen J Hoch (1997)}\textsuperscript{7} view that the variation in store brand performance across retailers is related to factors like consumer, retailer, and manufacturer. The retailer generally takes full responsibility—from production to marketing—only in the case of store brands. But in case of national brands the responsibility rests with the manufactures. The commitment to quality, breadth of private label offerings, use of its own name for private label, a premium brand offering the extent to which the retailer serves a customer base containing less wealthy and more elderly households and operates in less competitive markets improves the performance of the store brand. The everyday-low-price positioning helps the store brand only in lower quality categories where the value positioning of the store may be better aligned with the price advantage of the store brand. The over emphasis to national brands to attract customer traffic has to be nullified with added quality in store brands. The price difference between national brand and store

brand will have an impact on store brand performance. When retailers obtain more than their fair share of a category, they also do much better with private labels\textsuperscript{100}.

\textbf{Kusum L. Ailawadi, Karen Gedenk and Scott A. Neslin (1998)}\textsuperscript{8} explain the significance of variation in both store brand usage and national brand deal usage. There is negative relationship between the two behaviours. The higher store brand usage is associated with lower national brand deal usage and vice versa. The relations that are formed between the two performance categories in consumer’s recollection appear to be negative. The contribution in behaviour discourages consumers from partaking in the other behaviour rather than encouraging them. The national brand deal usage has a much stronger negative impact on store brand usage than store brand usage has on national deal usage. The consumers buy national brands on deal, they primarily learn to buy national brands, although at low prices, the strong negative effect on store brand usage. Alternatively, when consumers buy store brands, they learn to buy store brands but the strengthening is not nearly as strong as in the case of national brands. The four attributes that have a significant effect on national brand deal usage are economic benefit which comes in forms of savings, family and other people’s approval, cost perception and perceived planning costs. There is an intrinsic negative relationship between deal and store brand buying, as one behaviour inhibits the other. However, the relationship is asymmetric. The national brand deal use appears to inhibit store brand more than store brand inhibits national brand deal use. The perceived monetary savings and family/peer approval are important for attracting consumers to both national brand deals and store brands. The store brands can increase their perceived quality to the level of national brands as they will attract many consumers who are currently heavy deal purchasers and

also some who are currently buying national brands at regular price. The manufacturers can do little to take back these consumers, even if they increase the monetary savings from deals. In a nutshell, when the quality of store brand is increased, it will increase the store brands market share by attracting a pie from national brand users.

George S. Low and Charles W. Lamb Jr (2000) analyse the category-specific measures of brand image, conceptualization of brand associations and the degree of dimensionality of brand associations. In the first phase the study tests a procedure for developing product category specific measures of brand image. The brand attitude and perceived quality have standardized measures which are generalizable across product categories. But the brand image requires the development of scale items that are product category specific. It is observed that, the behaviour used to measure brand image is satisfactory. The second objective, to inspect whether or not the set of rules tested in the first study could effectively measure brand image for a brand in a different product category and to investigate the dimensionality of the brand association by including all three measures. It is found that brand image, perceived quality, and brand attitude are distinct constructs which measure different dimensions of brand associations. The third objective of the study is the exploration of the fact that whether the dimensionality varies according to a product’s familiarity. The result suggests that, the brand image, perceived quality and brand attitude are separate and distinct dimensions of brand associations for a variety of brands and product categories, on an on the whole level. The familiar brands tend to have more highly structured brand associations in memory and brands which do not have high familiarity have no highly-developed brand associations in consumer’s

memory and hence, brand associations for these less-known brands tend to be uni-dimensional. It is concluded that, the popular brands tend to demonstrate multi-dimensional brand associations, consistent with the idea that consumers have more developed memory structures for more familiar brands. The depth of brand associations should differ depending on a brand’s familiarity. The consumers eager to apply more power in processing information regarding familiar brands compared to unfamiliar brands. It is less important to use lengthy multiple-item scales to measure brand associations for new or relatively unfamiliar brands than it is for well-known brands.

According to Lisa Wood (2000) the brand management should be tactical and holistic, as it is a long term one. The strategic brand management is achieved by having a multi-disciplinary focus. The study establishes the relationships between the constructs, concepts of branding and to provide a framework and vocabulary that aids effective communication between the functions of accounting and marketing. The performance measures for brand management are also considered and a model for the management of brand equity is provided. The marketing mix should function in a way that supports the brand message and rejects, for example, discounting as a short-term sales promotion for a premium brand. The decision to reposition a premium brand as a value brand should be a strategic one, rather than as the outcome of tactical marketing mix decisions. The brand manager’s job is therefore to maximise the long-term value of that earnings stream. It require expenses on the marketing mix to support brands and may lead to short term even to profit and loss account losses to ensure the long-term brand building. The brand value has an additional advantage over other measures in that, as it addresses the health of the market as well as the health of the brand within a market. The performance instruments

that encourage decisions to promote the long-term health of the brand are considered to be better than measures that do not encourage strategic decision making. The input advantage of adopting brand value as a performance measure is that, it creates a long-term focus for management. When brand power is the amount of attachment to a brand and brand value is based on the future earnings of a brand, then the higher brand strength higher the brand value. The managers of brands should as a result manage and seek to make the most of both brand strength and brand value. The natural long-term outcome of this should be increased profitability. The managers of brands are essentially involved in the creation of brand description and therefore the degree of brand strength or brand loyalty achieved. It is supposed that the higher the degree of brand strength achieved, the greater the competitive advantage. The competitive advantage and the outcome of brand activity can be measured in a number of ways. The brand value is suggested as one of the performance measures that can replace the term, competitive advantage. So the brands should be managed as a long-term valuable corporate asset. It is planned that for a true brand asset mindset to be achieved, the relationship between brand loyalty and brand value needs to be recognised within the management accounting system\textsuperscript{103}.

Rajeev Batra and Indrajit Singha (2000)\textsuperscript{11} analyse various factors that helped to explain variations in purchasing preferences for national brands versus private label brands. The consumer perceptions of making a purchase mistake are basically of three types. They are the level of quality of that product, the post-purchase experience and the consumer’s price consciousness. The perceived consequences of making purchase mistakes are higher when the different brands in the category are seen as differing appreciably in quality. One of the findings of the study is that, the private label brand

buying increases as the “consequences of making a purchasing mistake declines”. To have an edge in the market for the national brand it has to highlight the trustworthiness it offers to consumers when compared with private label brands. The national brands can adopt to sustain in the market by adding unique ingredients to the national brand, stressing the importance of these sensory benefits of these ingredients, creating uncertainty about the quality of the manufacturing or assembly process used by the private label brand competitor. From the retailer’s perspective, in order to promote the private label, the retailer need to put as many information regarding the price, quantity, ingredients, quality certifications and endorsements in the package. If quality is properly addressed the scope is un-limited for private labels\textsuperscript{104}.

*William P Putsis.D Jr and Ravi Dhar (2001)\textsuperscript{12}* try to find out the basic factors that drive category expenditure focusing on the impact of promotion. The promotion can increase the category expenditure. The impact of the promotion on expenditure will depend heavily upon the specific category, market and type of promotion. The non price promotion expands category expenditure for every market and category. The national brand promotion has the most significant and consistent effect on total category expenditure. The local market factors have important implications for total category expenditure. The magnitude of the increase in the category revenue varies significantly across market and categories but is relatively small on average. The demand and supply side factors play a significant role in category expansion but there are significant differences across markets and promotional instruments. The demand elasticity and category characteristics are likely to influence the degree to which category expansion is feasible. The supply side consistent with the individual category and market factors helps

to enhance the ability of firm to raise price appear to increase the overall category revenue. The brand managers should determine the appropriate response to competitors marketing activities taking into effect the category size as well as the market share. There is a general perception that retailers are more concerned with volume and profit and manufactures are concerned with market share\(^{105}\).

Judith A. Garretsona, Dan Fisherb and Scot Burton (2002)\(^{13}\) have come out with research findings in grocery shop at Midwest in UK. The study states that the value-consciousness is positively related to attitudes towards private labels and national brand promotions. The value-consciousness try to explain why some shoppers pay less, it does little to distinguish attitudes toward national brand promotions and private label brands. The value-consciousness is a commonality among consumers, who seek price savings. The perception of price in terms of its relationship to product quality has the opposite effect. The consumers feel that, the lower price of the store brands makes the PL less attractive and of inferior quality. But in sharp contrast, the same buyers viewed national brands on price promotion more favourably and for these consumers, price promotions may represent a way to achieve savings without feeling that quality was being sacrificed. The smart shopper’s self-perception and the attitude of the shopper’s towards brand-promotion reflect more in the markets than what is reflected by private labels. This powerful, ego-related dimension of smart shopping is not available for private labels. The reason is that many consumer promotions may not be available to all consumers at all times and may involve some search. The smart shoppers may find the excitement of the hunt to be a major reinforcement of their favourable attitude toward these types of

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promotions. The value-conscious consumers may be favourably predisposed both to national brand promotions and private label brands, or a combination of both\textsuperscript{106}.

\textbf{Serdar Sayman, Stephen J. Hoch and Jagmohan S Raju (2002)}\textsuperscript{14} view that retailers are interested in category profits rather than the profit from any specific brand. The research analyses how the retailer’s objective functions in the best possible positioning strategy of the store brands. The retailer’s positioning decision is choosing the degree of competition between the store brands and each of the national brands in the product category. When assuming a category with two national brands, the store brand should be positioned closer to the leading national brand. It is monitored that although the consumers can readily detect retailer’s efforts to use the extrinsic cues to position against the leading, this knowledge does not necessarily translate into consumer perceptions that the store brand offers comparable intrinsic quality. The retailer prefers to have a store brand that competes heavily with the national brands. There is a tendency for the store brands to imitate the category leader. It is being seen over a period of time that the store brands perform well in categories with high concentration. The reason is that, it is easier for consumers to compare the store brands when there is a distinct category leader. The store brands can follow a focused positioning strategy in a concentrated market characterized by less heterogeneity in tastes and offer an attractive alternative with a lower price. The focus of the positioning strategy should be the leading national brand. But there are situations in which targeting the leading national brands may not be the optimal strategy. When there is a price-sensitive segment, that values price over quality, it may be better to position the store brands to specifically attract these buyers. On the

other hand in some categories targeting strategy may lead to negative inferences and the consumers may prefer to buy the original one rather than the lower quality one\(^{107}\).

**Hans S. Solgaard and Torben Hansen (2003)**\(^{15}\) view that the price level, collection and location emerge to be the important force for consumers choice between store formats. The quality and service do not differentiate between formats. The prominent fact for this could be the majority of stores that constitutes the choice set belong to supermarket groups and that there is a reasonably large common set of standardized products and brands between store chains across store formats. Another important factor is location. When hyper market is situated far away and in the door step, the conventional supermarket and discount store are available the shoppers may prefer the later considering the cost of conveyance and travelling time. The hypermarket format generally has the largest direct elasticity in the sloping followed by the discount format and conventional supermarket format. More over the store format is most influenced by changes in a competitor’s store values. The price the discount format appears to have the greatest influence, while the conventional supermarket format exerts the largest effect with respect to assortment. On the distance the hypermarket format seems to be the most responsive and the least significant. The store or chain management the store choice model allows for an evaluation of a store’s competitive situation at a given point in time, depending on the data input. A store’s strengths and weaknesses are based on important store attributes and in addition on various aspects of these store attributes may thus be evaluated. The analysis of the competitive situation serves as the basis for formulation of marketing strategies. For to have specific managerial implications in terms of actions that for instance, store management could engage in to

improve its store’s competitive situation, there needs estimates of the costs and benefits involved in changing the consumers’ perception of various aspects of store attributes from their current levels\textsuperscript{108}.

\textbf{Mario J. Miranda and Malay Joshi (2003)}\textsuperscript{16} demonstrate that the buyers of private labels are being highly satisfied with the product’s performance and are high when the buyer has a positive attitude towards the quality of private labels although the buyer perceives the price of the private label being only slightly lower than the manufacturer’s brand. The prices of private labels are lower than manufacturer brands. The customer being at least moderate-to-highly satisfied with private label products is more than the estimated chances of those customers who perceive the price to be significantly lower and aspire to the same level of satisfaction moderate-to high satisfaction. The private labels are known to give customers greater alternative and variety. The private labels add depth and breadth to the retailers’ existing ranges and provide a promotional pull. The improving the attitude of customers to the store’s private label products would deepen the mood among the store’s customers that they are being provided with an expanded choice of products. The positive attitude would help to prevent the store’s patrons shop hopping to prospect bargains of manufacturer brands in other stores if they are reasonably confident that their preferred store is offering quality private labels. A well-devised private label program, covering product quality and merchandising would provide the store’s customers with the latitude to migrate from well-known manufacturer brands to private labels that stand the well-known name of the retail store. The private labels are exclusive to a store; the store loyalty can possibly be based upon a store’s provisions of its particular “brand” of product, unique to the store.

but different from manufacturer brands or other store brands. The retailers need to engage themselves seriously with private label programs, if they are to achieve a competitive difference. The lower price of private labels is not a sufficient motivating factor to buy them as consumers are likely to choose cheaper options of branded products over private labels, simply because they have more knowledge about them and these branded manufacturer brands can be found in other stores as well.\footnote{Miranda, M.J. and Joshi, M. (2003), “Australian retailers need to engage with private labels to achieve competitive difference”, \textit{Asia Pacific Journal of Marketing and Logistics}, Vol.15 No.3, pp. 34-47.}

K. Sudhir and Debabrata Talukdar (2003)\footnote{Sudhir, K. and Talukdar, Debabrata. (2004), “Whether store brand patronage by households led to an increase in store patronage: Review of industrial organization”, \textit{Springer}, Vol. 24 No.2, pp. 143-160.} have developed two set of criteria, to measure the store patronage, one based on store revenues and store profits from a household and the other based on share of store revenues and store profits due to a household. It is found that, when the revenues fall the store brand shares increase, but profits rise under both sets of measures and the greater breadth of store brand purchases lead to greater revenues and profits. The store brand contributes to greater store differentiation, rather than increased price sensitivity in the market. The store brands serve to differentiate the store, allows managers to use store brand patronage as a targeting variable for promotions. This is in contrast to the use of price sensitivity that is commonly used as a targeting variable, because this can intensify competition between retailers.\footnote{Sudhir, K. and Talukdar, Debabrata. (2004), “Whether store brand patronage by households led to an increase in store patronage: Review of industrial organization”, \textit{Springer}, Vol. 24 No.2, pp. 143-160.}

Dongdae Lee (2004)\footnote{Dongdae Lee (2004)} feels that, the national brands consumers compare private brands with their self-image when they form attitudes toward private brands. So the retailers have to make sure that their private brands carry images that target customers want to attain. The retailers have to study the mind of consumers carefully and develop
the private brand’s images in harmony with the consumer’s expectation and that is the need of the hour and what a retailer is expected to do. Apart from that, the image resemblance between a store and a product category has a positive effect on attitudes towards a private brand associated with the product category. The consumers facing image in congruence in a store due to a wrong product category may be puzzled about intentions of the store. The bewilderment in image by consumers will not only break off retailer’s store image strengthening strategy but also have a harmful effect on consumer’s inclination of a store. But before including new product category into their private brands, the retailers need to find product categories similar in image to their stores. The consumer attitudes toward a store become favourable when consumer attitude towards a private brand become favourable to. Furthermore, there is positive relationship between a store and a consumer’s self on attitudes toward a store, but the image similarity between a store and a consumer’s self has negative effects on attitudes toward a private brand. More specifically when the consumers believe a store becomes more similar to their self they develop more unfavourable attitudes toward a private brand of the store. When the consumers feel that the store is more similar to them, their attitudes toward private brands could be all the more negative because private brands reflect negative aspects of the store. To overcome this, retailers has to turn their value-oriented strategies into quality-oriented strategies to remove consumer’s negative perceptions toward private brands in general.\footnote{Lee, D. (2004), “Image congruence and attitudes toward private brands”, Advances in Consumer Research, Vol.31, pp.435-441.}

three store image factors that were taken into account were layout, merchandise and service. The store image is very critical factor to be considered as an important predictor of attitude towards a store brand. The product attributes have been identified as antecedents of store brand success in specific product category complexity, quality variance and visibility. These product attributes have been related to various risks to the consumer when purchasing a store brand product. A negative effect of the perceived risks on consumers’ evaluations of products sold under a store brand is predicted. It is also hypothesized that some risks can be relieved by the perceived store image. The study makes a logical conclusion that, the less likely the consumer perceives a certain retailer to be able to produce a specific product, the more likely it is the consumer develops a negative attitude towards such a product carrying that retailer’s store brand. So it is clear that all retailers are able to neutralize some of the functional risk with their store image, albeit to different degrees. The store image has little influence on perceived functional risk. The research established that, public usage of a product reduces the chance that consumers will buy a store brand, due to the lack of quality. In product categories, where risk of public exposure of the product is an important issue, a manufacturer’s brands will often outperform a store brand. All three retailers are able to neutralize psychosocial risk by their store images. The quality variance within a product category is positively related to the perceived risk, when quality variance within a product category is high, it is likely that consumers will choose manufacturer branded products over store brands, to reduce the financial risks associated with that purchase. None of the store image factors are able to relieve this risk of choosing a low quality product and therefore of losing money. The perceived quality variance within a category is related to a negative evaluation of store branded products in that category.\footnote{Semeijn, J., Riel, A. and Ambrosini, A. B. (2004), “Consumer evaluations of store brands: An effect of store image and product attributes”, \textit{Journal of Retailing and Consumer Services}, Vol.11, pp.247–258.}
Venkatesh Shankar and Ruth N. Bolton (2004) state the important determinants of retailer’s pricing strategies. The retailer’s pricing strategies can be divided based on four underlying dimensions: price consistency, price-promotion intensity, price-promotion coordination and relative brand price. These four pricing dimensions are statistically related to, market factors- based on metro and small cities, chain factors -chain size/ chain positioning, store factors -store size/category assortment, category factors -storability/necessity, customer factors own price sensitivity, own deal sensitivity, cross-price sensitivity, cross-deal sensitivity, brand factors- brand preference (brand base sales index), relative brand advertising and competitor factors- competitor price level competitor deal frequency. Of the above, competitor factors are strongly associated with all dimensions of retailer pricing strategy for a brand. Apart from competitor factors, only price-promotion co-ordination and relative brand price of category and chain factors explain much variance in retailer pricing. The retailers anticipate their rivals to propose storable merchandise at reliable prices with a serious amount of promotions and foresee that, vital products at any retailer are expected to be priced consistently, discounted heavily and orchestrated with frequent use of displays and feature advertisements. The retailers present high levels of promotions for brands with high preference or brand equity, consistent with the notion of using strong brands as a traffic builder for the store. The stores with price-elastic customers may wish to map on a somewhat higher price consistency, lower promotion intensity, co-ordination and lower prices than other stores. The stores with a highly deal-elastic clientele may plan on slightly less consistent prices and slightly more deals than other stores. When the prices are low, a store can expect its competitors to have significantly lower prices but fewer discounts. From manufacturers perspective it is desirable to recognize the relationships
among national advertising, brand preference and retailer pricing, as a result that manufactures can make more informed decisions about marketing support spending. The manufacturers who want to compete on low price shall spotlight on retailers who are more price consistent, less promotion intense, less price-promotion coordinated and have a low relative brand price; i.e., "value-oriented pricing" retailers. In contrast, the manufacturers of brands that wish to enjoy higher relative brand prices at the retail level could allocate primarily through stores that are fewer prices consistent, more promotion intensive and more price-promotion co-ordinated. They may also wish to advertise heavily to elicit high retail prices. There is an opportunity for manufacturers to use their enhanced understanding of retailer’s pricing strategies across brands and categories to become the "category captain" for their product categories, support their brands with targeted marketing efforts and build better relationships with retailers\textsuperscript{113}.

Angel F Villarejo-Ramos and Manuel J Sánchez-Franco (2005)\textsuperscript{21} analyse whether the perceived spending on advertising had a favourable influence on brand equity. There is a positive relationship between spending and perceived quality. The more the resources the organization devoted to enhance a particular brand, the higher perceived quality the brand was seen to have. The spending on advertising affected the perceived quality, because it has increased the associated value of the brand, which helped in the purchase decision. But it is not established that the intensity of the marketing communications and a company’s high perceived advertising spending on a brand have a positive effect on consumer’s professed loyal behaviour towards the brand. When brand satisfaction was low, the perceived spending acted in the opposite way. The brand awareness is reached through company’s marketing communications efforts towards

brand equity. The obvious advertising spending favourably conditions and affects brand awareness. The brand recognition and awareness can imply a rise in the level of confidence regarding the products expected performance. When buying goods, it is usual to look for a known brand with a high level of brand awareness to strengthen the purchase. The relations that consumers make as regards as a brand and its image are configured by their own experience, the non-formalised information they receive about the product and also by the information transmitted by the companies with regard to their product’s quality and excellence. In the consumer market, this information is transmitted through company’s advertising. To conclude, perceived advertising spending showed a favourable causal relationship for three of the four dimensions of brand equity. The higher the spending on advertising for the brand, the better the quality of the product as perceived by the consumer, the higher the level of brand awareness and the more relations correlated to the product, forming its brand image. The group of associations linked to the brand increased the favourable attitude towards the product as its recognition and the level of awareness increased. The brand awareness and name recognition enhance consumer’s attitudes towards brand and improve its image. The price deals acts as an incentive to increase sales have negative effect on brand equity. Even though a short-term benefit to the consumer, from tactical outlook, it showed negative effects. These effects can influence the professed quality of the product adversely, since benefits gained through price promotion are not enduring and do not transmit the security or the confidence that a brand should inspire with regard to its expected utility.\textsuperscript{114}

Astrid Jonas and Jutta Roosen (2005) observe that, the private labels change the way in which manufacturers, retailers and consumers interact. The private label influences the competitive nature of the industry and the competitive position of its actors. The impacts of the private label can be assessed on three levels centred on the retailer, as the link between manufacturers and consumers. At each level the impacts may be pro or anti-competitive. The pro-competitive impacts of private-label products- manufacturer-retailer relationship- from the consumer’s viewpoint, the main advantage of private label products is that, the price most often undercuts the price of manufacturer brands. The retailers use private labels to enhance their retail brand image by offering good quality products. The category of pseudo-brands, the quality aspect is not likely as good as that of branded goods, this may not be true for high-quality private label products. There is increasing evidence that retailers are taking on their role as a quality leader, hence pressuring manufacturers and farmers into certain practices. The pressure from private label sales may stimulate further product development and innovation by branded manufacturers, thus increasing the product quality variety for consumers. The private labels are thought to push for process innovation while national brands compete using product innovation. The advertising, brand loyalty, access to shelf space and the payment of slotting allowances are some of the entry barriers. The entry barriers for new manufacturers result in higher prices and reduced output. Both these outcomes reduce consumer surplus and result in lower social welfare than if entry was easy. The entry barrier, the brand loyalty can be stimulated by extensive marketing, both making consumers more prices inelastic and increasing their psychological switching costs. The advertising also can infer an image of quality on brands that makes them preferable to new products that are not associated to this positive quality signal. On the anti-competitive impacts of private-label products, manufacturer-retailer relationship-the
retailers can normally choose from a number of possible suppliers. Thus retailers are able to apply pressure on their manufacturers to ensure that the products they receive are of the required quality and of the lowest possible price. This increases the margins of their private label products. It is a special focus of discounters who compete at low prices. On the retail-customer relationship, the private label products are very similar in packaging to branded products, ignorant consumers might mix up the products and purchase the private label by mistake or by thinking that the goods are identical and made by the same manufacturer. The branded goods have an image of quality, performance or even lifestyle. By putting private label products in similar packaging, retailers hope to become associated with this brand image. In the short term, the imitation of branded products may be beneficial to the consumer. They purchase a product on the same development level as the branded product but pay a lower price. When retailers quickly introduce brand imitations, manufacturers may reduce the level of investment or continue to develop new aspects to products more quickly. This can be harmful to consumers in the long term. When a retailer is able to generate brand loyalty to its store brands, store loyalty is also increased. The greater the store loyalty, the less likely consumers will change stores in search for any particular brand or in response to price promotions or stock-outs in other stores. In the case of inadequate supply of the consumer’s usual brand, the switching costs of the consumers will be so high that shoppers would prefer to purchase a private label product, demand for branded products will be reduced as a result, and their unit cost will increase\textsuperscript{115}.

**Katherine B. Hartman and Rosann L. Spiro (2005)\textsuperscript{23}** analyse the impact of store image, customer-based store equity, differential effect, brand knowledge and customer

response. The store image has normally been defined as the way in which the store is defined in the shopper’s mind, partly by the functional qualities and partly by an aura of psychological attributes. The store image has a force on consumer behaviour and store performance. The store image is based upon a category-based information processing system, in which recently acquired information is incorporated with existing information held in the memory. The group of associated attributes forming a store image is only one dimension of a broader construct referred to as store equity. The store equity will better capture the effects of store image on consumer behaviours and beliefs as well as on store performance. The store equity is defined as “the differential effect of store knowledge on customer response to the marketing activities of the store”. A brand is said to have a positive (negative) customer-based brand equity, if consumers respond more or less favourably to the product, price, promotion or distribution of the brand, than they do to same marketing mix element when it is attributed to a fictitious names or unnamed version of the product or service. The customers show a degree of differential effect of store knowledge by having different responses to a specified store as compared with a generic store category. The important elements of store equity are differential effect, store knowledge and the customer response to marketing activities. The customers may demonstrate a differential effect of store knowledge by having different responses to a specified store as compared with a generic store category. The customer response component of the customer-based store equity conceptualization is concerned with the customer’s reaction to some element of the marketing activities of the store. This reaction may be described in terms of attitude, preference or choice. In order to operationalize the customer-based brand equity, two basic approaches are useful for measuring customer-based store equity; they are, first, the potential sources of customer-based store equity by measuring the customers store knowledge, (indirect approach) because the differential
effect on consumer response is inferred from the customer’s differential associations. Second, an attempt is made to measure customer-based store equity by assessing the impact of store knowledge on customer responses to the marketing activities of a store, a direct method, because the customer’s response is measured directly rather than inferred. Apart from that, building positive customer-based store equity requires a familiar store name with favourable, unique and strong associations in the minds of customers. For building positive store equity two components are there a) store identities and b) the associations with the store. Building customer-based store equity also involves creating store knowledge with favourable, unique and strong associations in the store name\textsuperscript{116}.

Lay Peng Tan and Jack Cadeaux (2005)\textsuperscript{24} focus on how several category level factors might explain the level of private label share across grocery product categories. The competitive intensity has a significant negative effect on the private label share in a category. The categories with high competitive intensity reflect close shares amongst branded competitors and also high inter-brand competition. This may entail hard line national brand marketing activities including price promotions and advertising that would create an atmosphere which is not favourable for high private label shares. The categories with higher sales growth have lower private label shares. The retailers would more fruitfully develop private labels in mature categories than those undergoing more hasty development. The high growth categories are a focus for more relatively greater marketing activity amongst national brands in areas such as new product item entry, advertising and sales promotion. The presence of more national brands within a category intensifies inter-brand competition which can hurt private label share. But the mere presence of number of weak brand never erode the market share of private label and

further less number but strong national brand can affect the growth of private label. There is a positive relationship for price differential results as private labels generally gain sales by offering the brand at a price lower than national brands. There is a negative relationship between price differential and private label share. The inside category analysis is a best technique for assessing the price effects on private label shares. The category sales volume is not a significant forecaster of private label share. The larger category volume would show the way to better revenue potential and therefore greater category attractiveness might help explain the probability of private label introduction across categories.\textsuperscript{117}

Celina Gonzalez Mieres, Ana Maria Diaz Martín and Juan Antonio Trespalacios Gutierrez (2006)\textsuperscript{25} examine and test a model that integrates a series of variables relating to purchasing behaviour, in which the difference in the risk the consumers perceive between store brands and national brands is explained. The more equal the perception of quality between store brands and national brands, the more the difference in perceived risk is reduced between the two types of brands. It has confirmed the great importance of this variable when managing perceived risk since practically all the considered variables have influence on the perceived risk through perceived quality. The self-confidence of the individual has a positive influence on the difference in risk between store brands and national brands. The consumers become more conscious of the implications of their purchasing decisions they begin to associate a greater risk with their purchase and to trust national brands more. Apart from that, the more the consumers rely on the extrinsic attributes of a product to evaluate its quality, the greater the difference

between store brands and national brands in terms of risk. Moreover, the reliance on these types of attributes also contributes to indirectly increasing this difference through the effect it has on perceived quality of store brands as opposed to national brands. The experience with a product category on the importance of considering the relationships between this variable and the rest of those included in the proposed model has become clear since the indirect effects are those which justify its consideration as an important factor when analyzing the difference in perceived risk between store brands and national brands.

Karsten Hansen, Vishal Singh and Pradeep Chintagunta (2006) analyse whether store brand preference is category specific or general. The two factors identified are the store brand factor and the price factor. The first factor affects store brand preferences and the second price sensitivities. The first part explains the substantial amount of variation in store brand preferences, while the second aspect explains substantial variation in price sensitivity consistently across categories. The presence of these factors in all categories indicates that there are unobservable components which are non-category specific, stable across categories. They in turn lead to interpret these components as unobservable traits. The observed and unobserved components together capture the dependence across product categories. In categories where some perceive the store brand to be of high quality, price considerations may be a less important driver than in categories where the store brand is perceived to be of poor quality. When the price is not an important component in the purchase of store brand, then the retailer can narrow the price gap between the store brand and the national brands. It is being seen that the

household tend to buy the store brand across categories. The store brands are better positioned in certain categories as they attract buyers primarily due to strong preferences rather than price concerns. In these categories, retailers could consider narrowing the price gap with national brands. The results suggest that estimates could be used in predicting demand for store brands in new categories.\(^{119}\)

**Rui Hua Huang and John Dawes (2006)**\(^{27}\) point out that cheaper private labels and national brands are reasonably more popular among households with more people and in lower social class. The expensive brands appeal comparatively more to the buyers in a higher social class. The deviations among within-demographic market shares propose that, some price-based segmentation does exist in grocery markets – across private labels and manufacturer’s brands. The research incorporates two variables, notably, market share – penetration and purchase weight. The cheap private labels sell into high social-class households and that expensive brands still sell into low social-class households and large households. So there is some segmentation, brands at different ends of the price spectrum are not ‘cut off’ from certain parts of the market. The research provides implications for manufacturers and retailers, particularly if they ultimately generalize across many categories. The manufacturer has certain brands shown to under-perform among certain sub-groups, this identifies an opportunity for adding to the product line with less effect. From the manufactures perspective, it is helpful to know if their brand has particular appeal to specific demographic sub-groups. It can be concluded that, the

segmentation exists and higher priced or lower priced brands are not ‘cut off’ from certain parts of the market\textsuperscript{120}.

M.P. Martinez Ruiz, A. Molla Descals, M.A. Gomez Borja and J.L. Rojo-Alvarez (2006)\textsuperscript{28} examine the short-term price discounts presented in the high-priced brands of the category create sales increase. In case of low-priced brands, price discounts offered do not appear to heighten sales. The price deals used as incentives to increase sales are more effective in the high-priced brands of the category, being the less profitable deals for those offered in the low priced brands. The bare minimum values of price deals required to change consumer’s purchase decisions are effective in the category and there exist certain levels of discounts that produce saturation effects. The saturation points may be due to consumer perceptions and to the limit on the amount of that consumers can build up stocks in response to price promotion. It is proved about the existence of asymmetric cross-price effects and neighbourhood cross-price effects. Furthermore, promoting high-priced high-quality brands has a stronger impact on sales of low-priced low quality brands than the reverse and those cross-price effects are stronger on the sales of brands with similar prices. The cross-promotional effects are asymmetric and promoting higher-quality brands impacts weaker brands disproportionately. Further, the asymmetric cross-promotional effect, the cross-price effect which states that the brands that are closer to each other in terms of price have larger cross price effects than brands which are priced further apart. As this effect applies, it is observed that the largest cross-deal discount effects on brands that are similarly priced. More over the promotional days

\footnote{Huang, R.H. and Dawes, J. (2006), ‘‘Segmentation for private labels and national brands: An examination of within- demographic market share’, \textit{ANZMAC Conference, pp.1-6}.}
have a significant and differential impact over the sales boost. For all the brands, the week end promotional periods have a positive and differential impact over sales.\footnote{Ruiz, M.P.M., Descals, A.M., Borja, M.A.G. and Rojo-Alvarez, J.L. (2006), “Journal of Retailing and Consumer Services”, Vol.13 No.3, pp.193-204.}

**Patricia Coutelle and Pierre Desmet (2006)** find that the regular hard discount customers, with a positive attitude toward discount store are more prices sensitive. The apparent price injustice of national brand is a significant determinant of price consciousness and is also a major reason why consumers buy store brands. Furthermore, a measure of consumer’s attitude towards private label brand suggests that, the consumers may choose between price-related deals and private label purchase. The consumers having a positive attitude towards hard-discount stores will be more prices sensitive, will focus on lowest prices and buy particular store brands named as generic brands. The replacing national brands with generic products on a higher scale have a significant and positive effect on the low price image of the store. The advertisement and sales promotion plays an important role in creating the image for the store in terms of price. There is significance about dimensions of store price image. The presence and the number of generic brands have different impacts on the two dimensions of price image. The hard discount regular customers have a positive attitude towards discount and are more sensitive to prices. These variables moderate the relationship between generic brands and OSPI. A segmentation of customers with multi-frequentation behaviors could help retail managers to form their OSPI. The presence of at least one generic product in the assortment significantly improves two dimensions of OSPI. Apart from that increasing the number of generic products from one to two and simultaneously decreasing the number of national brands, still reinforces the low price dimension. But
this factor has a threshold effect on value dimension which means that retailers need at least a few generic brands to improve OSPI\textsuperscript{122}.

\textbf{Sarena E Saunders and Ing Elena Horska (2006)}\textsuperscript{30} examine the nature of co-operation between various players in the PL network such as manufactures, retailers and consumers. The producers can be classified as large scale producers producing both private labels and their own label; small and medium scale producer’s specialized in private labels and certain products lines and localized producers who are wholesalers and retailers using private labels in their own wholesale and retail chains. The key actors who are identified being involved in the co-operative exchange are producers, customers, retailers and private label owners-which can be an individual to a multinational company. The small retailers and manufacturing firms were bargaining with larger firms. The retailers are involved in a range of marketing activities and are offering value added business when co-operating with others in the network. The producers rely on their own size, capacity and skills as ways their partners can benefit by entering an agreement with them. The core factor for the co-operation is the product or private label. By becoming a part of private label network, open the opportunity to connect producer knowledge with a strong retail brand enabling the inter-firm partnership to compete strongly in the new market which is important for small players. To conclude, there are various actors in the private label market and in the initial stage it has been dominated by large scale

producers and retailers but now there is a shift towards value added service irrespective
whether it large scale or small scale players\textsuperscript{123}.

**Serkan Kilic and M Hakan Altmtas (2006)\textsuperscript{31}** make an attempt to estimate the
objective of developing private label from retailer’s perspective. The private label are
generally developed by retailers for increasing the market share, positioning, developing
relationships, cost leadership, increasing profit margins and competitiveness. To increase
the market share of private labels, the presence or dependence of national brands has to
be reduced. The private label products has to be perceived as branded products in market
place and a branding plan is needed for private label products. The positioning of private
label can be made with the help of reinforcing the store image and store loyalty. Apart
from that packaging and quality can play a role in that. The competitiveness can be
increased with regard to price and wide product portfolio. The retailers shall keep a good
relationship strategy with consumers based on loyalty and trust. The cost leadership can
be achieved by a retailer with respect to private label by the control of shelf space,
introduce lower prices to consumers by controlling costs and obtain bargaining power
over manufacturers. The private label pricing has no effect on national brand products
pricing. It means that, the private label pricing policy can be accepted as an independent
process. The present study suggests that objectives for developing private label products
are business-oriented and not culturally oriented. The profit component is also important
in developing private label products\textsuperscript{124}.

a Co-operative approach”, 22nd Industrial Marketing and Purchasing Group Conference ‘Opening the
network New perspectives in Industrial marketing and purchasing’ Universita Bocconi Milan, pp.1-10.

\textsuperscript{124} Kilic, S. and Altmtas, M.H. (2006), “Strategic using of private labels from retailer’s perspective in
Turkey”, *Ankara University*, 64-4, pp.154-173.
Jorge Tarzigan (2007) provides some reasons why national brand manufactures produce private label. The important reasons are idle capacity and the perceived quality of private label. When the NBM’s idle capacity is larger and the change in perceived quality is lower, it is relatively more convenient for a NBM to produce private labels. But when the NBM does not enjoy cost advantages from the production of a private label, then NBMs should avoid producing private labels. The production of private label having good quality, a leading NBM may avoid the threat posed by private labels produced by other manufacturers and by secondary national brand competitors. This is more important as the retailer’s shelf space becomes more scarce. In order to compete with other branded players and private label brands in terms of economies of scale, it is better to produce private labels by national brand, manufactures. When independent manufactures produce private label whose quality is closer to national brands then it can be a threat to national brands. In such a case the market price of national brand may go down and more economies of scale as mentioned earlier. It can conclude that, there is evidence of a positive correlation between retail market concentration and private label market share.

Julian Ming-Sung Cheng, Lily Shui-Lien Chen, Julia Ying-Chao Lin and Edward Shih-Tse Wang (2007) find that the national brands are superior to international private labels while international private labels are superior to local private labels in terms of quality. But in price aspect the national brands are more costly than international private labels while local private labels are cheaper than international private labels. The product categories moderated price perception and brand personality perception across national brands, international private labels and local private labels. There is no difference between national brands and international private labels for price.

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perception been found. The failure of product categories to moderate the effect of brand types (national brands, international private labels and local private labels) on quality perception and brand leadership perception has also been identified. As the national brands lead private labels in most parts of consumer perceptions, managers of manufacturing national brands can simply maintain their existing brand strategies. Moreover it is difficult in overtaking national brands, private labels, which can be categorized into international and local and have different consumer perceptions, can act straightforwardly as market followers using product imitation strategies. Furthermore, the cosmopolitan images of international private labels have added to their product values and as a result, these international private labels, similarly to national brands, arable to enjoy market price premium

**Preeta H. Vyas (2007)** examines the various sales promotion measures like the loyalty cards to reward loyal users and encourage them to visit the store often and buy more. The other option can be in house and mass media promotions and joint sales promotions. The advantages of joint promotion can be sharing costs of promotions, cross selling opportunities to each other’s customers and high visibility. The consumer sales promotions include discount, coupon programmes lucky draws, contests, gift and buy one get one free type of promotions. The usage of sales promotion activities has a direct impact on behaviour as it motivates a consumer to buy now rather than in future, enhances value of an offer temporarily till the promotion period, encourages switching, reinforce or reward loyalty etc. The objectives of sales promotions are to generate, more store traffic, move excess inventory and enhance store image and create a price image.

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The promotions may encourage non buyers to walk in to the store and loyalty programmes may help for buying more or upgrading to better quality. The exciting promotions also have affinity to generate positive word of mouth and help consumer feel a smart shopper. It is not only of utilitarian benefits like saving of money, time or quality up-gradation but hedonic benefits like feeling confident, feeling of excitement and entertainment etc. The head retail operations need to understand impact of various types of promotions on consumer behaviour and objectives attained. In a highly competitive promotional environment, it is really challenging to retain loyal consumers. The recurrent use of promotions may induce indifferent attitude among consumers and may force dip in natural sales.

Rujirutana Mandhachitara, Randall M. Shannon and Costas Hadjicharalambous (2007) analyse that there are significant differences existed between cultural groups of different nations. The major distinction primarily between the consumers’s of different nationalities derives from differences in the market knowledge, social shopping, price-quality and to a lesser degree from deal proneness. The consumers of developed private label market have more product and market knowledge than that of the developing private label markets. The lack of product knowledge in the developing market can be compensated by consumers with the help of extrinsic cues such a price, brand name, packaging and labelling. The quality price relationship is identified as another important factor for private labels. Furthermore the consumers are willing to pay premium for national brands even if they perceive the quality of the private label brands to be equal to the private label. The retailers aiming to increase the private label brand share shall address the non-quality equity by enhancing the image of private label brands.

through better packaging, sophisticated space allocation in shelf and local advertising. The frequently purchased product categories, the uniqueness, the imagery and the non-quality equity associated with national brands is diminished, creating opportunities for private label products. The conventional wisdom and economic rationale suggest that consumers with lower income will prefer private label brands because of the lower price. Another school of thought, the consumers with lower incomes may be willing to pay a higher price premium for national brands as an insurance against possible product failure. In order to increase market share and penetration rates of private label products retailers operating in collectivist cultures could launch premium lines and improve branding and image of their offerings.\textsuperscript{128}

**Helena Jiewertz and Mikael Eliasson (2007)\textsuperscript{36}** develop a theoretical model for positioning the private label in the retailers market. The positioning of private label is very important with regard to retailer’s strategic plan. The offering of private label helps the retailers to consolidate their position against the leading distributors. When the private label grows stronger the brand leaders market share and position decreases. There is no given strategy how to position private label in relation to master brand. The company has to consider the master brand and its values with it in order to create successful private label brand strategy. For the success of private label strategy various factors need to be taken in to consideration. The market is changing very fast and the private label market is far from saturated. The more acceptances and demand from the consumer’s side and high profit margin for retailers is acting as a platform for promoting

the private label sales. The present market condition that shapes the market and the private label strategy will be changed in the future\textsuperscript{129}.

\textbf{L.E. Wells, H. Farley and G.A. Armstrong (2007)}\textsuperscript{37} point out that, there is no dominant style of purchasing behaviour evident. The number of consumers who are making a planned purchase for a specific occasion bought premium own-label as they could be reassured the product they are serving is a high quality. More over the consumers who make planned purchase displayed a high level of brand loyalty towards premium own-label. The retailers present a case that “Finest is a brand you can trust” and the products are “always high quality”. The planned purchase very often coincides with a repeat purchase, especially for those buying for a special occasion. The point of purchase buying is readily practiced by shoppers. The store environment and highly visible products have the ability to attract the customers with the option of delaying decision-making until they are in store. The customers, who are restricted with their shopping time, relied heavily on external attributes, especially visual information. The shopping motivation has a large impact on purchase choice and on the various extrinsic attributes that consumers used as indicators of quality. The consumers not only differ in how they perceive brands but also how they relate to brands. The conclusion is that, the consumers rely on packaging to aid their decision-making process at the point of purchase. Many purchase decisions are made at the point of sale; the impact of packaging represents an important issue for manufacturers, suppliers and retailers to consider. The private label brands owned by the retailer have the chance to develop packaging designs that are fine

tuned to their customer base than those offered by the equivalent range of branded products\textsuperscript{130}.

\textbf{Abhishek and Abraham Koshy (2008)}\textsuperscript{38} make an honest effort to examine the impact of extrinsic high cope cues on quality perceptions of private label brands. The quality perceptions of private label brands can be improved with the help of feature differentiation, free samples and advertising. Feature differentiation refers to the degree to which products have different forms, sizes, or packaging. However, increased advertising would have the effect of increasing a retailer’s cost structure, which in turn would reduce contribution margin. So as an alternative, the private label not supported by consumer advertising by the manufacturers of these products can be supported by in-store merchandising by the retailers. In-store merchandising provides extrinsic cues to the customer for quality decisions. The cue theory states that, product consists of an array of cues that serve as surrogate indicators of quality to consumers. The consumers are not in a position to identify the true quality of competing products before making their purchase decisions. In such cases, the consumers are likely to use cues to assess product quality. The cues of product can be classified as extrinsic and intrinsic. The intrinsic cues are product-related attributes and it cannot be manipulated without altering the physical properties of the product and when changing the cue it will result in changes in composition of product itself. The extrinsic cues are not part of the physical product and they can be changed without affecting the composition of the product itself, e.g. price, brand name. The cues can also be classified high and low scope cues. The two extrinsic

high scope cues – manufacturer’s name and public quality label for its role in improvement of quality perceptions of store brands are identified\textsuperscript{131}.

**B. Naveen Kumar, R. Venkateshwar Rao and G Ravikumar (2008)**\textsuperscript{39} analyse the various phases of retail evolution in the Indian retail market from 1970 to 2005, the phases of retailing and the challenges of retailing. The pre-1970 era, it has been common marketing and store formats are mainly Kirana stores with product wise categories existing only in Groceries and FMCGs with un-branded products. But when it comes to 2005, it is one-to-one consumer specific marketing with hyper markets and Multiplexes with global brands. The biggest challenge faced by organized retailing by a developing economy like India is, whether the organized retailing is ready to provide solutions to the needs and specification of the customers and whether the big retailers are compelling the consumer for the adoption of the brands and products\textsuperscript{132}.

**B. Shafiulla (2008)**\textsuperscript{40} identifies the reasons for the introduction of private brands. The private label brands provide more option to customers, built loyalty and customer retention for organized retailers. It helps the retailers to have more control over their products, positioning, price, packaging and the way it is sold to the customer. The store brand has built an identity of its own rather than depending upon retailers. The retailers prefer private brands rather than national brands. The clash among the retailers and manufacturers for retailer’s profit margin and other differences lead to introduction of private brands by retailers. The window of opportunity opened to retailers in traditional goods to manufacture private label brands, where the national brands are absent and the


consumers are demanding it constantly. The lack of quality products from national brands helps the retailers to launch private label brands. The retailers want to offer more diversity to their loyal customers and differentiate themselves from their competitors in organized retail sector. The national brands may not be able to provide more variety to retailer’s and choose to have their own options. The retailers introduce brands which are imitative to manufacturer’s brands at lower prices with similar quality as cheaper substitutes especially within their stores, to share the benefits of national brands. The retailers are looking at ethnic merchandising depending upon the demographics of the store location and bringing on national brands or local or regional brands into light ethnic attachments. The organized retailers are accessible to suppliers of national brands and able get same quality of products at very competitive price. The reason for launching the store brand by retailers is to get more economic benefit and that leads to the emergence of PL. The major threats to manufacturer’s brands from private brands in India are, the manufacturers are facing opposition from private brands of various retailers other than their traditional competitors, the profit margin of their brands will decline due to reducing prices of their brands as it has to face fierce competition and they have to lower their prices and provide more promotional effort to sell their products, the manufacturer’s or national brands have will have negotiate more with their retailers and to spend more on retailer promotion schemes by providing additional discounts to retailers. So, the demand for the manufacturer’s brands will be reduced and even they may lose their brand image and customer loyalty. The competition from private brands is not only for low priced products but also for premium priced products. The national brands have to spend heavily on their product development and innovation, so that they can able to compete with private brands at every level, the marketers of national brands have to change their
positioning strategies and reposition their brands frequently with increasing competition from private brands of retailers\textsuperscript{133}.

\textbf{J.Tomas Gomez-Arias and Laurentino Bello-Acebron (2008)}\textsuperscript{41} state that the high-quality manufacturer will make a private label only if, the retailer positions it as a premium private label and the low-quality manufacturer will be willing to make a store brand, independently of its positioning. When the retailer positions the store brand below the low quality brand, the low quality manufacturer will price it out of the market. A low quality manufacturer who makes a store brand positions it between the existing brands will drop his own brand and become a private-label specialist. The retailer will choose the high-quality manufacturer to make a premium store brand. The model clearly shows that manufacturers of brand name products have a strong incentive to make private labels, whether their brands are perceived in the market as high quality or low quality. The model contributes why private label supply is becoming so all-encompassing among all kinds of manufacturers. The retailers will choose the high-quality manufacturer for its premium store brand and the low-quality manufacturer who would become a private label specialist if the retailer chooses to introduce its store brand at midway quality levels otherwise, the decision is not based on the set of skills possessed by each manufacturing company\textsuperscript{134}.

\textbf{Tulin Ural (2008)}\textsuperscript{42} explains the mutual effects of retailer and product attributes on consumer attitude towards store brand. A positive relationship is predicted between store


image and attitude towards the store brand. The store image factors identified are layout, merchandising and service. The store image based on the three factors has been found an important predictor on attitude towards the store brand. The consumers use the store image as a clue in their evaluations of store brand. If the image of a store is high in mind of consumers, the shoppers believe that store brand has high quality. The product attributes related to the risk perceptions of consumer when purchasing the store brand product are functional risk, psychosocial risk and financial risk. The findings show that, the perceived high functional risk in a product category affects positively the evaluations of store brand and the perceived high quality variance within a product category (financial risk) affects negatively the evaluations of the store branded products in that category. In terms of interaction effect of store image with perceived risks within a product category on the consumer evaluations of the store branded products, the two main effects is changing opposite. The store brands do not have the symbolic aspects of product consumption and involve the cheap products under the store brand. To decrease in the social risk associated with product consumption, consumers rely upon known brand names and expensive products. The manufacturer brands with accumulated equity can be used as signal of the status. The consumers believe that, the higher the quality variance within a product category is the fewer the probability of choosing the store brands. The consumers are likely to choose manufacturer brands over store brands to reduce the financial risks associated with that purchase. When the perceived functional risk of a certain product category becomes higher and store image is perceived less favourably impacts negatively the consumer attitudes towards store branded products. The perceived psychosocial risk does not moderate the main effect of store image on

\textbf{Alison Fraser (2009)}\footnote{Fraser, A. (2009), “Attitudes to Private Labels: The Role of Store Image”, ANZMAC Conference, pp.1-9.} points out that the attitudes to private labels are positively associated with perceived store image. The more positively customers view a store, the more positively they will judge the store’s private labels. The private label images are related to the unique positioning of stores. The consumers use the quality of the store’s product assortment namely national brands as a cue to the quality of private labels to reduce perceived risk associated with private labels. Apart from quality, product variety, product value, customer service and atmosphere are other variables in deciding the store image and attitude towards private labels. The study states that, the extent to which store image affects attitudes to private labels differs between different retail chains and different private label types. The store image is an important factor for private label in the premium category than the budget category.\footnote{\textit{Fraser, A. (2009), “Attitudes to Private Labels: The Role of Store Image”, ANZMAC Conference, pp.1-9.}}

\textbf{Mbaye Fall Diallo (2009)}\footnote{\textit{Fraser, A. (2009), “Attitudes to Private Labels: The Role of Store Image”, ANZMAC Conference, pp.1-9.}} states that, the brands will play a key role in the success of retailers and manufacturers. The private labels have been limited to certain product categories and segments of consumers. The research examines how private labels are perceived in a multicultural context. The variables such as convenience, youth, economy and simplicity earlier associated with national brands are now associated with private labels. The private labels are improving their quality, store image, services, physical store appearance behaviour, price levels, depth and frequency of promotions. The retail firm shall try to encourage consumers to compare the taste of their brands
versus national brands in their campaigns of communication. In addressing the question of whether consumers from different cultures living in the same context perceive differently private labels image, the research recommend that there are much more similarities than differences of private labels in image perceptions. Only two attribute statements (related to convenience and youth) on eleven are differently perceived by consumers. The result is interesting in a strategic level because similar image perceptions in a multicultural context allow retailers to standardize their retail offer and communications. This means that they spend less money on communication\textsuperscript{137}.

Hsin Kuang Chi, Huery Ren Yeha and Ya Ting Yang (2009)\textsuperscript{45} analyse the influences of brand awareness, perceived quality and brand loyalty on purchase intention effect, the effect of perceived quality on brand loyalty, whether perceived quality mediates the relations between brand awareness and purchase intention and whether brand loyalty mediates the relations between brand awareness and purchase intention. The findings reveals that brand identity and brand recall are positively related to purchase intention. The consumers will buy a familiar and well know product. The higher the brand awareness, the higher the purchase intention. In addition, the action loyalty and affective loyalty are positively related to purchase intent. The brand loyalty represents a repurchase promise in the future that, consumers will not change their brand loyalty under different situations and still buy their favourable brands. The brand awareness is considerably and positively related to perceived quality. The brand awareness is positively and significantly related to brand loyalty. The brand loyalty is positively and

\textsuperscript{137} Diallo, M.F. (2009), “Perception of private label brand image: A comparison between three different nationality consumer groups”, Proceedings 15th Conference of the European Association for Education and Research in Commercial Distribution (EAERCD), Guildford, University of Surrey (July, 15-17), United Kingdom, pp.1-12.
significantly related to perceived quality. The perceived quality and brand loyalty act as a mediator between brand awareness and purchase. The consumers can identify a brand name, when they want to buy a product with higher brand awareness. When a product has a well known brand name, it can win consumer’s preferences and increase their purchase intention. When the brand awareness is high, its brand loyalty will also increase. The consumers will produce loyalty, because, good product quality increase their repurchase behaviour further. The consumers will appraise perceived quality of a product from their purchase experience. A high estimate indicates that consumers are satisfied. As a result, their brand loyalty and brand preference will increase and also repurchase behaviour

Mark S Glynn and Shaoshan Chen (2009) find that the price consciousness has the strongest effect on private label brand purchasing and is relevant to most categories. The price consciousness, also related to price variation, of all brands within the category. The price-quality association is important only in categories with a low private label share. The customers who are brand loyal have more concerns about quality and engage in lower variety-seeking behaviors, thus private label products may not be an alternative in their consideration. The brand loyalty, quality, variability and price are not important in categories where consumers are buying private labels. The private label brand purchasing is higher in categories where consumer perceptions of quality variability between national brands and private label are lower. The consequences of a purchasing mistake are marginally significant. The search and experience does not appear to be a significant influence on private label brand purchasing. Furthermore the households with higher incomes are less likely to buy private products. Such households have fewer

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financial constraints and show less price concern. Moreover the relationship between education and private label brand purchase is negative. The consumers having high level of education are more likely to choose higher priced national brands than people without such qualifications. The research confirms that age and gender are not important in identifying private label brand-prone purchasers.

Rainer Olbrich and Gundula Grewe (2009) examine the competition existing between national brands and private label brands on various aspects such as price, turnover and product variety in various outlet formats like hyper market, super market and discount stores. The research finds that, national brands declined considerably in all three outlet formats, whereas the number of listed private labels has increased. The decline in the national brands has not been balanced out by the addition of new private labels. The number of different products, in the product group, therefore has been reduced overall. Thus, there has been a considerable reduction of the variety of different products in the product group. From the retailers perspective, decreasing number of listed national brands may potentially go along with a decreasing number of suppliers and that may possibly result in potentials to lower cost, but from the of manufacturers perspective, however, a decreasing number of suppliers would lead to the risk of being delisted. The perception of well-priced private labels retained by many consumers persists because, the retailers frequently uses national brands for setting the price of private labels and due to this reason the price of private label is kept below the price of national brands. From the national brands industry perspective, the rising prices do not necessarily mean positive effects on turnover and profits because, their profits do not depend on consumer prices but on delivery conditions agreed with the retailers. The turnover of private labels rose

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over time in all three outlet formats, while the turnover of national brands, especially in the supermarkets and hypermarkets, decreased over time. As a consequence, the falling turnover is caused by declining sales. These results point to the fact that, intensive price increases, at least to some extent, are accompanied by non-consumption\textsuperscript{140}.

Justin Beneke (2010)\textsuperscript{48} is of the view that the consumers feel that the private label brands have improved in quality since their introduction. But advancement of such brands persist, perceptions may well be radically different in the future. On the relationship between quality and price, the low prices and low quality are balancing like the medium quality and medium prices. But, high quality and high prices are not strongly associated. It is due to the nature of private label brands, which offer favourable quality to consumers and being more competitively priced than mainstream manufacturer brands, which offer superior value for money. The clustering of high quality, low quality and low price may be attributed to variability in the market whereby some private label brands offer much better value than others. The consumers used to visit retail stores, where their brands of preference are readily available and well stocked. In terms of gender, a marginally greater degree of brand loyalty is observed in females. The decrease in loyalty is evident as monthly income increases. The highest earners are also the least loyal to manufacturer brands. Apart from that, in private label, packaging, product details if not displayed will weaken the brand image and ultimately the sales. More over in-store promotion, advertising, packaging, apportioning shelf space and demographic variables have an impact on the purchasing decisions of consumers with regard to private labels\textsuperscript{141}.


Oriah Akir and MD Nor Othman (2010) indicate that the majority of the consumers who support the departmental stores, supermarkets, malls and hypermarkets are young executives. The consumers are consistently brand conscious and preferred to buy established brands especially for expensive products. The forces that motivate consumer’s intention to repurchase are driven by established brand names, quality, product information and informational influence from friends, spouses and family members particularly for high involvement products. For low involvement products, consumer repurchase intentions are mainly driven by the quality and the price of the products, besides conforming to spouses choices. The consumers tend to purchase high involvement products mostly during sales promotion and their purchase decision is partly influenced by advertisements in magazines, catalogues and brochures. On the other hand, the consumer’s decision to purchase low involvement products are mainly influenced by TV advertisements. It is evident from the research that consumer behavioural theories are applicable globally, but consumer’s tastes, preferences and purchase decisions could be regionally or locally oriented and further influenced by their cultural background and norms. The products that consumers purchase are varying as low involvement products or high involvement products. The prior concerns of the businesses and managers or marketers are: consumer’s involvement in the purchase process, the importance that they place on certain product attributes and how significantly others influence their decision making process prior to the purchase, after the purchase and the post-purchase behaviour. Hence, it can be concluded that, managers and marketers need to streamline their marketing plans and strategies, in order to capture the mind and heart of the consumers at large. As such, it is imperative for marketers and managers to understand consumer
behaviour beyond the marketing stimuli and at the same time they should also consider the consumers cultural diversity, customs and norms\textsuperscript{142}.

\textbf{Sasinandini.S and Lysander Manohar Hansa (2010)}\textsuperscript{50} identify that, the retailers have popularized their private label brand, which have attracted shoppers and increased the loyalty to store rather than the brand. The private label is acting as a tool for retail differentiation and store patronage. The confident shopping orientation is not positively related to purchase of private labels and its loyalty. The shopping orientation reflects categories of shopper styles and represents consumer need for products and services. The shopper orientation may be used to represent consumer’s personal, economic, recreational and social motivation for shopping. The orientations are based on past shopping experiences and the personal value system. Apart from that, a consumer with variety seeking behaviour will not be loyal to any product. Similarly the consumer with impulse buying behaviour will not be loyal. The impulse buying is a spontaneous and immediate purchase where the consumer is not actively looking for a product and has no prior plans to purchase. In contrary to this, a purchase which is the result of the predetermined search and is deliberate and planned is a planned purchase. More over the private label brand purchase and satisfaction is related to commitment to the store and brand loyalty is positively related to store patronage. The store patronage can be defined as, how individual choose an outlet for shopping. The store choice and patronage are based on consumer’s perceptions, image and attitude formed from experience information and need. The patronage behaviour involves decision process related to where and how they shop and what they purchase. The conclusion is that, private label

can induce loyalty through a favourable attitude creation for private label and an effective
commitment towards the store and there by inducing the store patronage.\textsuperscript{143}

\textbf{Swaroop Chandra Sahoo and Prakash Chandra Dash (2010)}\textsuperscript{51} state that Indian
consumers wish to get the best price for the products they buy. The Indian consumers
check and compare the best price for the products they buy. They even used to go more
than one store to get the lowest price. The gender, age, education and marital status have
no significant impact on price consciousness and only monthly income has impact on
price consciousness. The Indian consumers are purchasing in shopping malls for
enjoyment and these types of customers are called recreational shopping conscious
customers. The enjoyment during shopping has an impact on consumer purchase in
shopping malls. The young consumers are more recreational in their shopping than aged.
When there are so many brands to choose from, it often feel confused for consumers and
if the brands are limited it is easy for the consumers in decision making. On the other side
Indian consumers are driven by novelty products. The variety seeking consumers, even if
they are satisfied with the present brand may switch over to other brand for better
satisfaction. This is being done to increase stimulation by bringing something new to
their life. In conclusion the decision making styles adopted by the Indian consumers are
price consciousness, quality consciousness, recreational, confused by over choice,
novelty consciousness and variety seeking. The average Indian consumers are not highly
concerned with the brand but were price and quality consciousness. The lone consumers
are more price consciousness than married consumers. The above factors suggest that
decision making information on consumer’s decision making style will be useful for
retailers targeting Indian markets. The profiling of consumers by combining their

\textsuperscript{143} Sasinandini, S., and Hansa, Lysander, Manohar. (2010), “Apparel private label brands and store
patronage”, \textit{Advances in Management}, Vol.3 No.6, pp.33-39.
decision making style and demographic variables provide ways to identify and understand various consumer segments and target that segment with more focussed marketing strategies.\(^{144}\)

Swani Kunal and Boonghee Yoo (2010)\(^{52}\) explain the impact of price and the price deal on purchase behaviour. There two types of products based on price, they are high-priced brands and low-priced brands. The high-priced brands are brands which perceive image as a key factor. The consumers of these brands frequently purchase them mostly for image and are willing to pay a premium price for their apparent high quality and status, which make them price-inelastic. The low-priced brands tend to be purchased for utilitarian value, with the consumer relying on the perceived value for price. The consumers look for low prices of these brands or substitutes to get the best value. The low-image brands tend to be more price elastic as the driving factor for their purchase is seen in value by consumers. The price has a positive impact on behavioural intentions, while price deals have a negative crash. The price deals would lower the perception on quality and status especially for high-priced brands. The brands with relatively frequent price deals are often considered of lower quality than similar, rarely promoted brands. The study analyses the effect of price deals in the background of price level that, price deals do not have a uniform effect across brands but a different effect depending on the price level of a brand. Based on the price level, the consumer’s behavioural intentions are quite different when exposed to price deals. For a high-priced brand, the price deals have a negative effect on brand equity, brand loyalty and purchase intention. But for a low-priced brand, it is on the contrasting side. There is a significant behavioural difference

between a price deal exists in comparison to no-price deal. On the other hand, the
direction of the behaviour is reverse depending on the level of price. The research
suggests that, marketers have to rethink the promotional strategies for their brands. In
conclusion the price deals should be avoided. On the opposite the price deals can be
relatively freely used for a brand which pursues competition based on value for money or
functionality\textsuperscript{145}.

\textbf{Abhishek (2011)}\textsuperscript{53} in the proposed model includes both demographic and
psychographic variables to understand the customer proneness to private label brands.
The demographic variables important for private brand purchase are age, education,
income, and family size. The psychographic variables are able to provide better
explanation for private brand purchase by consumers. The important psychographic
variables identified by the researcher for the purpose of research are purchasing
experience- experience with private label brands, also called private label brand
familiarity, differential response to marketing activities, consumer perceptions of the
particular category, degree of perceived quality variations, level of perceived risks and
perceived value for money, differences in consumer needs, different product importance
among consumers and price attitude. This is followed by mathematical explanation which
provides the mathematical model using discrete choice modelling. But the model lacks
the inclusion of many environmental variables. The research points out that demographic
and psychographic variable are important for private label proneness\textsuperscript{146}.

\textsuperscript{145} Kunal, S.and Yoo, B. (2010), “Interactions between price and price deal”, \textit{Journal of Product and Brand
Management}, Vol.19 No.2, pp.143-152.

\textsuperscript{146} Abhishek. (2011), “Private label brand choice dynamics: Logit model involving demographic and
Amna Anwar and Amir Gulzar (2011) analyse that the brand have an effect and influence on the brand loyalty, the brand affect influence the brand extension attitude positively and the brand affect influence the brand loyalty positively. The brand personality is responsible for inconsistency in the brand loyalty. Furthermore, the brand personality influences the consumer’s brand extension attitude positively, the brand quality is positively associated with customer loyalty and the brand quality influences the brand loyalty positively. The customer loyalty influences the trial of the extensions and reduces the risk. The customer loyalty and brand extension attitude are positively associated with each other. Moreover, the customer loyalty mediates the relationships of brand affect and brand extension attitude, brand personality and brand extension attitude. In conclusion, brand affect, brand quality and brand personality cause the increase in customer loyalty and brand extension attitude. The customer loyalty is very important for the positive brand extension attitude, the customer loyalty mediates the relationship of the brand personality and brand extension attitude, brand quality and brand extension attitude and brand personality and brand extension attitude.

Chandon Jean Louis, Diallo Mbaye-Fall and Philippe Jean (2011) indicate that the perceptual value consciousness, smart shopper self perception, perceived quality, attitude towards private label brands, store image and private label brand price-image perceptions affect the private label choice. The research confirms that, the value consciousness has no significant effect on private label brand purchase intention but only a direct effect on private label brand choice. The price-image is the leading factor on private label brand choice, followed by attitude and value-consciousness. The store image

and private label brand perceived price-image has its whole importance when assessing private label brand choice in a given retail market. The store image relation is totally mediated by the purchase intention while, for attitude and value consciousness, there is no mediation by purchase intention. For price-image both the direct path and the mediated path are significant and thus it can be conclude to partial mediation. The purchase intention is significantly related to private label brand choice and the importance of price-image and store image to improve private label brand purchase intention and private label brand choice is evident from the research. The consumers use store image including service, layout and merchandise to make inference about the quality of private label brand products.

Enrique Manzur, Sergio Olavarrieta, Pedro Hidalgo, Pablo Farias and Rodrigo Uribe (2011) find various similarities and differences in the causes of attitudes towards store brands and national brand promotions. The producer of national brands should spotlight their strategies on obtaining consumer loyalty, since loyal consumers showed a weaker attitude toward store brands. Over and above the promotions of other national brands will lower the risk of competition from store brands. The stronger store loyalty on the part of the buyers leads to a greater probability of success for both store and national brands. The retailers have to see both courses of action in the store-loyal segments and market decisions for the most profitable course of action based on customer equity. Furthermore impulsivity does not control either attitude. The worthless effect of impulsivity presents that impulse buying is not a determining factor in purchasing either store brands or national brands on promotion and therefore would not be a useful

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segmentation variable for either concept. Apart from that, the value consciousness has positive influences on both attitudes. The value consciousness has a stronger impact on attitudes towards national brand promotions in comparison with attitudes towards store brands. The value for money orientation taken by the retailers in the marketing of its store brands cannot be the best possible point of reference. The focus on quality could be a more effective tool for increasing value, tremendously successful with their own brands by corresponding and even surpassing the quality of the category leader and by actively communicating the quality of their store brands to shoppers through in-store information and advertising and public relations campaigns. The strong outcome of buyer’s attitude toward store brands and national brand promotions see that consumers with a higher smart shopper self-perception tend to like national brand promotions more than store brands.149

Gopal Das (2011)57 indicates that when making sales promotion strategy, the managers consider various parameters so as to make sales promotion an effective one. The study observes that demographic parameters have no impact on sales promotion. There are various reasons for the purchase of a product. The consumers purchase somewhat more than the regular purchase when promotions are made. The store location, loyalty does not play a major role in purchase decision making when promotional offer is concerned. So the promotions may have an influence on the consumer behaviour in spite of location dis-advantages. At the same time the future sales promotion cannot make customers wait for it. There are various effects of sales promotion and repeat visit to the store is one among them. The sales promotion strategy can be made by introducing various promotional schemes. When ranking various promotional schemes, direct price

discount is ranked as number one, buy one get one free as second and buy one get another product free as third. On the media habits, in-store publicity plays a vital role in providing information to the customers followed by television and newspaper.

Justin Beneke (2011) suggests that the consumers accept the private label brand as an individual brand. The variables such as advertising, word of mouth, prior experience and extrinsic cues namely value for money, packaging, store environment, shelf space and in-store promotions determine the success of private label brand. The advertising is indeed significant variable which influences the perception of private label brand image. The advertising reinforces the strength of the brand but that does not mean that the heavily advertised brands are purchased like anything. The consumers are recognizing private label brands and the advertising mediums are clearly not a waste. The extrinsic cue, value for money concept admits that, the private labels are rated highly in terms of value for money and greater familiarity with the product. The value for money-brand image relationship is significant as it contribute positively to the brand image and provides value at an affordable price. The lower price makes the product at an affordable rate and accessible to the people. The second extrinsic cue, packaging of a product, serves as a real encounter with the brand and therefore is an important factor influencing the brand image of that particular product. The last extrinsic cue, in-store promotions play an important role in influencing consumer’s perception of private label brands image. These promotions include end of aisle promotions, shelf packer’s and price promotions. It can be concluded that the advertising has a significant influence on the brand image of private label brands. So the retailers eager to initiate new products should take note of the impact of advertising on private label brands perception, brand image and sales. Apart from that the supermarket retailers should encourage taste tests as prior experience.

facilitates both the development of positive perceptions and word-of-mouth. Furthermore the managers not to ignore national brands, as they provide benchmark for quality and brand positioning.\(^{151}\)

**Krishna Mohan Sharma, D.K Dubey and B.D Pandey (2011)**\(^59\) observe that the store brands in India are at a growing stage. It is difficult to find out a correct picture of the private label sales in India because of the highly un-organized structure of Indian retail, but it is expected that it contributes 700 cores in the organized structure. The margin of private label product ranges from 15-20\% in the FMCG sector, 20 \% for electronics and 30-70\% for apparel goods. The private labels products are priced 5-20 \% lower than the regular items. The income of consumers and visit to a modern retail is closely related, as there is a strong relationship between locality and awareness. The urban shoppers are much aware of private label in comparison to rural shoppers and the criteria for selection of private label are store image, price and other factors. But among this, store image is vital component of selection of private label, the packaging of private label is poor in the eyes of shoppers and there is a big gap between the quality of private label and national brand. The share of private label in India is merely 10 \% and the minority of shoppers considers store brand as a better option for value for money. So in conclusion, those residing in urban areas prefer to buy store brand due to price difference and quality. The private labels helps in enhancing the footprints of shoppers in the organized retail and offer multi benefits to shoppers as well as retailers.\(^{152}\)


Lakshmi Nair (2011) finds that the consumers are preferring the national brands to private labels. On the quality front, the Indians are still somewhat sceptical about the quality of private label brands and may be because of this reason the penetration of private labels in India is poor. But when compared to the introductory stage, the level of acceptance of private label is high at present. On the price front, the private labels are priced below the national brands but private label lacks strong brand recognition. The important factors influencing the purchase of private label brands in India are perceived quality, accessibility of the product, price, trust in brand, freshness, packaging and health, availability of alternatives, sales promotion and advertising. The product packaging is an important component of conveying a signal of quality to consumers. On the packaging front, the perceptions of private labels are most often negative. The shoppers are of the opinion that, packaging is unattractive. Moreover, the majority of private label packages do not visually display the actual product contents. This may prove detrimental to product sales by failing to encourage conversion from the mass market. It would therefore seem that attractive packaging is essential to persuade the target market and the core content is of similar quality to other manufacturer brands in that product category. On the preference of private labels in various categories Cereals, Pulses and Spices topped the list of most preferred private labels whereas Packaged Food is given the second and Fruits & Vegetables, Milk & Milk products, Meat, fish & Poultry and Beverages followed respectively. The factors that influence the purchase of Groceries in a supermarket are influenced by family, friends, sales personnel, in-store, store atmosphere, past experience and advertising. The television, newspapers and pamphlets are the most effective means of communicating the benefits of private labels to shoppers.

Manyu Huang and Kevin E. Voges (2011) demonstrate that customers with higher price sensitivity are more likely to purchase private brand groceries and commodities. The lower price seems to be the main advantage for private brand commodities, which gives the advantage when they introduce these commodities. The differences in perceived quality between private brands and manufacturer brands are small for consumers who purchase private brand commodities. In China, private brands are relatively new phenomena and with the limited purchasing power of many households, customers with high price sensitivity have been more inclined to purchase private brands and are less concerned about quality differences. Due to the development and advertising of private brands, an image has developed in some customers that there is no difference in quality between private brand and manufacturer brand. The Chinese consumer’s, conscious of price concerns, the purchase of private brands seems to be more a rational than an emotional decision. They consider the value of commodities and their concerns for price are important, so they are less influenced by the messages communicated in advertising. The Chinese consumers are less conscious of the brand and it has helped for the development and distribution of private brands by dominant retailers who have gained a good reputation with consumers. Hence private brand purchasers have low brand concerns when comparing familiar private brands and manufacturer brands. The store image positively relates to the perceived quality of the private brand and the promotion of store image is the main factor for the enhancement of the customer’s propensity to purchase private brands.\footnote{Huang, M. and Voges, K.E. (2011), “The propensity to purchase private brands by Chinese consumers”, \textit{International Review of Business Research Papers}, Vol.7 No.2, pp.1-10.}
Manju Rani Malik (2011) explains the customer experience in connection with retail patronage may be categorized as, experience related to consuming products, services obtained from the retailer, experience related to being in store itself and dealing with the organization. The customers evaluate the service quality using the determinants such as communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and knowing the customer. On a later stage it is being simplified into five dimensions such as tangibles, reliability, responsiveness, assurance and empathy. In other words the customer satisfaction consists of major factors such as product characteristics, price factor, physical aspects, promotional scheme and personal interaction. The majority of customers visiting the store are below 30 years of age and the male members outnumber the female. The customers prefer organized retail outlets because of variety of products, reasonable price and conventional location. The frequency can be seen of dissatisfaction with the sub-dimension of promotional schemes (free gifts, discounts and coupons etc).The customers are satisfied with the price aspect as price equals quality. In conclusion to improve the sales and functioning of the store, it is better to organize special promotional activities on weekdays. The retail outlets can appeal to female customers by offering more products and provide free parking facilities to customers.

Mathala Juliet Gupta and Chetan V Hiremath (2011) share the opinion that the development of retail sector is driven by demography, economic conditions and evolution of technology. The size of the retail business has attracted many corporate to form organized retail sector. The experts from the field are now debating about value chains and E-supply chains and not about retail chains. The retailing has been extended

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by machines. The Kiosk has replaced customer care executives and vending machines have replaced by small shops. The research observes that, consumer in apparel like to shop from their respective cities and the consumers like both branded and un-branded products. Those who preferred branded products spend more on apparels per year than those who preferred un-branded or both. There is no equal preference for branded products across cities. On the question of preference concerning retail formats no consensus is reached on preference for retail formats. The service level and merchandise is different among various retail formats. The malls and discount stores attracted many customers. But the customers cannot find any difference in quality, variety, style, brand, service and prices offered by a particular type of outlet. The service factors like ambience, parking space, personal assistance, sitting lounge, loyalty programme and home delivery determine the choice of retail outlets by shoppers. The retail formats need to improve factors like ambience, location, pricing style, better pricing, availability of more brands and appointment of trained personnel. In conclusion, there is a wide scope for retailers to experiment with new retail formats which would combine the benefits of customization with large scale manufacturing and distribution.

Michael S. Pepe, Russell Abratt and Paul Dion (2011) indicate that increasing overall department private label sales penetration will negatively impact overall department sales. The national brands are key brands for enhancing the overall sales and focusing on mounting private label sales beyond a certain level may result in less overall sales. The basis is that private labels represent lower retail sales prices than national brand items. The change in consumer purchases from national brands to lower priced private brands will result in the overall sales volume keeping unit volume constant. So

placing extra emphasis on increasing the private label sales, a negative impact may result on overall category sales. Apart from that the national brands act as a platform for enhancing the overall customer traffic into supermarkets and focusing on increasing private label sales beyond a certain level may result in less customer traffic. The basis is, private label brands are not major brands to consumers to visit stores. But it is the national brands to be used to attract consumers to stores. Furthermore, the private label sales penetration having negative impact on the loyal customers. The retail price for private label brands is lower than national brand so the private label brands have low average transaction amounts compared to private brands. The customer count in a store has no impact on the overall profitability and there is a positive relationship between loyal customer behaviour and store profitability.157

Pravin Pandurand Patil and Vidyadhar Vedak (2011)65 bring out the fact that the private label is used for value proposition and also as a strategic tool by the retailers. As a value proposition, private label is used to fill the vacuum created by national brand when the quality and price of national brand is not yielding tangible benefit to customers at the store. The private label offers value plus product. The primary objectives of introducing private label as a strategic tool is, to get bargaining power while negotiating with national brand manufactures, provide better value to customers in terms of product offerings with lower mark ups, increase profitability on a gradual basis, create powerful own labels in order to gain market share, enhance store image and create loyalty through unique private label offerings. The store brands and national brands play complementary role, at the same time, the store brand act as a source of differentiation and loyalty, the national brand plays the role of increasing the price of store brands. The research

examines that, the national brand is preferred over store brand due to factors such as quality, reliability and trust. On the question of awareness, the private brands are familiar to shoppers. But more awareness has to be created by the retailers for better promoting the national brands. On regarding the performance of private brands, majority are not satisfied with the performance. The positioning of private label as a quality and trustworthy one is remaining as a big challenge in India. The Indian retailers need to focus on value added quality private label rather than introducing budget and imitator private labels single-handedly. To conclude, the role of private brands on store choice and store loyalty do not apply to the certain extent in India.

Rajesh Rajaguru and Margaret Jekanyika Matanda (2011) observe that the functional attributes and perceived shopping value influences consumer satisfaction and loyalty. The functional attributes are tangibles that influence the consumers purchase motivation and decision making. The consumer’s decision making process depends on the product attributes; quality, price, variety, assortment and value of the products. The relationships between functional attributes, utilitarian and hedonic shopping value are analysed in the India supermarket and traditional retail format context. The utilitarian shopping value reflects the task-related value of a shopping experience and hedonic shopping value reflects the multisensory, fantasy and emotional value received from the shopping experience. The functional attributes facilitate the shopper’s motive of hedonic and utilitarian value. The Indian supermarkets have the capability of offering hedonic and utilitarian value to shoppers, while the traditional markets are far in the rear. The store appearance at both supermarket and traditional markets failed to motivate the shoppers shopping value. The retailers need to invest resources to modify the supermarket appeal.

to offer hedonic and utilitarian value to customer. The fast changeover in retailing format and shoppers orientation towards supermarket suggests the retailers need to focus on functional attributes. The traditional markets require rapid changes in their retailing strategy for survival and to compete with supermarkets. In conclusion, the Indian retailing sector should pay substantial attention to functional attributes, consumer motives and shopping value. The consumer’s expectations on product quality, assortment and service quality positively influences the perceived shopping value at supermarket background and negatively influences at traditional retail format context in terms of product quality and service quality\textsuperscript{159}.

Richard Volpe (2011)\textsuperscript{67} comes out with the idea that the pricing strategies are of economic interest and have an impact on retail price difference. The retailers can choose between pricing strategies that favour the deep use of promotions and those that do not. The performance effects of these pricing strategies in today’s retail environment have straight effect for price variation. In addition to the effects on consumer’s purchasing decisions, retailer price variations have effects on producer welfare. In terms of pricing strategies, the research observes that, supermarkets using the everyday low pricing (EDLP) strategy have higher sales per square feet than high low price (HLP) stores. In terms of maximizing margin, supermarkets perform best by clustering in terms of pricing strategies (by using the same strategies as their closest competitors). The direct competition with hypermarket has an unenthusiastic effect on store performance. The effect of hypermarket competition is weakened for larger supermarkets, as measured by selling area. The counter strategy, the supermarkets can employ in terms of competition with hypermarket is utilizing EDLP, the same pricing strategy used by most

hypermarkets, is effective in justifying these negative effects. The store performance will be increased, if the sales of both the private labels and the national brands are integrated. The consolidations of pricing strategies suggest that, the retail prices should grow more variable in HLP dominated markets and more constant in EDLP-dominated markets. The prevalence of EDLP may increase relative to HLP due to its demonstrated performance benefits. The retail price variation has important impacts on many sectors, particularly consumers and producers. The increases in product variety and quality, customer service and lower prices, all of which have been linked to hypermarket presence have effects on consumer welfare. The emerging studies on private labels suggests that national brand/private label competition not only increases social welfare but also that increased private label sales results in higher national brand prices. To conclude, the everyday low pricing (EDLP) strategy may lead to increases in performance relative to the high-low pricing (HLP) strategy under certain market conditions. The supermarket show gains by using the pricing strategies of their closest competitors. On the other hand the overall competition with hypermarkets is associated with decreased performance and this effect is exacerbated as hypermarket market share increases. But the research points out no evidence that increased PL sales, relative to NB sales, increases store performance\textsuperscript{160}.

**Sumedha Kalia and Rishi Kalia (2011)**\textsuperscript{68} on Subhiksha point out the business strategy adopted by the organization. The retail business of the retail chain has been based on two factors-margin and turnover and it can be put specifically as, High turnover, High margin, Low margin, and Low turnover. The way of operation opted by the chain is target marketing and segmentation. It started its initial operation in south India and then

expanded the operation to pan India and expanded its target segment to middle income group or common man. The merchandise management provided the customers with right goods at the right place and right price. The stores are located not on the main road but near to that to take advantage of rentals. The retail outlets have no-frills, air conditioning, no fancy lighting and no touch and feel experience. On the promotion front, the print and the broadcasting media has been used with the tag line-why pay more when you get it for less at Subhiksha. The problems encountered by Subhiksha are expansion of stores without sufficient funds in hand, in-adequate system control and IT support, lack of focus on product mix, expansion against consolidation, smaller in size, not in prime localities and lack of a strong HR policy. In conclusion the Subhiksha have tried to create an image of a store with value for money image, appeals to the existing affluent class as well as those who aspire to be a part of this class\textsuperscript{161}.

2.3 PROCEDURE FOR IDENTIFICATION OF VARIABLES

Based on the review of literature, the dependant and independent variables are identified for the research. With the help of these variables, hypothesis is framed after taking into consideration the objective, significance and scope of the study. The variables, dependant and independent help the researcher to examine the consumer perception, consumption pattern and marketing strategy for PL products. The variables are listed in Chapter 3 (Research Methodology).