Chapter 2

Literature Review
Chapter 2

Literature Review

2.1 Introduction

2.2 Consumer Perceptions

2.3 Consumer Perceptions in Private Labels

2.3.1 Price

2.3.2 Quality

2.3.3 Price-Quality

2.3.4 Store Image

2.3.5 Brand Image

2.3.6 Store Loyalty

2.3.7 Brand Loyalty

2.3.8 Innovation

2.3.9 Product Category

2.3.10 Promotion

2.3.11 Risk Aversion

2.4 Tabular Summary

2.5 Conclusion
Literature Review

2.1 Introduction

Review of literature is an early step for conducting research. Review of related literature is conducted to enable the researcher to get a clear understanding about the specific field of study. It also helps the researcher to have an insight into the tested methods, procedures and interpretations of similar studies conducted elsewhere. The literature review helps researcher to remove limitations of existing work or may assist to extend prevailing study. Considerable amount of literature is available regarding consumer behaviour and in specific perceptions of private labels in libraries and internet. But fewer studies emphasize on price and quality in India. An attempt is made in this chapter to present a survey of the literature available in India and abroad under the subheadings listed below.

2.2 Consumer Perceptions

It is necessary to examine the concept of consumer before discerning the behaviour and perceptions of consumer. ‘A consumer unit is one or more persons who collectively generate income and allocate it for consumption among the members of the unit’ (Eastwood, D.B, 1985). To make it more clear, the term consumer unit refers households which includes individuals, families and those who are living together.

Walters et al (1989) define perception as the entire process by which an individual becomes aware of the environment and interprets it so that it will fit into his or her frame of reference. Van der Walt (1991) adds that perception occurs when sensory receptors receive stimuli via the brain, code and categorize them and assign certain meanings to them, depending on the person’s frame of reference.

Perception is multidimensional concept which involves a complex interactive process that occurs virtually simultaneously (Kaufman – Scarborough, 2001; Hawkins et al., 2007). The perceptual process is initiated when the consumers become aware of and pays attention to environmental stimulus (Cant et al., 2006; Babbin & Harris, 2009). If the stimulus is important enough for the consumer, it will be interpreted either positively or negatively (Otieno et al., 2005), resulting in a perception.
Solomon (2006) defines perception as an analytic and synthetic process where the information is selected out and then synthesized into a world picture using elements taken from our memory. The American Marketing Association (AMA, 2007) defines perception as follows: ‘Based on prior attitudes, beliefs, needs, stimulus factors, and situational determinants (i.e. factors specific to the situation), individuals perceive objects, events or people in the world about them. Perception is the cognitive impression that is formed of reality which in turn influences the individual’s actions and behaviour towards the object’.

Consumer’s perceptions can, also be referred to as the consumer’s frame of reference for making purchase decisions (Erasmus, 1995). The perception process is also complicated due to the possibility that individuals may be stimulated below their level of conscious awareness (known as subliminal perceptions). Assael (1992) defines subliminal perceptions as perception of a stimulus below the conscious level. Hawkins et al. (1992) explained that the consumer perception process comprises of five stages namely exposure, attention, organization, interpretation and retention.

For our study, the definition of perception considered is: Perception is a process by which we select, organize, and interpret information to create a meaningful picture of the world (Bernard Berelson and Gary Steiner, 1964). People emerge with different perceptions of the same object because of three perceptual processes: selective attention, selective distortion and selective retention.

Consumers make selection of products based on anticipated satisfaction with that product, i.e. a subjective expectation or likelihood of liking the product (Weiner, 2000). The attribution theory addresses how consumers make these subjective inferences and anticipations from limited available evidence (Burnkrant, 1975). However, if the product has never been bought or used before by the consumer, this subjective anticipation may not be attributed to prior experience, but to other factors that the consumer can associate with the product or the service. Attribution theory is about how people make casual explanations; how they answer the questions beginning with ‘why’. The theory developed within social psychology as a means of dealing with questions of social perception.
Markin has defined perception as ‘one of the elements of cognition – the process involved in knowing’ (Markin, R.J, 1969). A perception is more instrumental to developing viewpoints than in gathering and processing information, it is characterised by high degree of diversity. In practical marketing, studying consumer behaviour from the side of perceptual background of consumers generates valuable information for strategic decisions. ‘In short, while perception has sensory data at its core, it in turn has a central role in the cognitive and thinking process’ (Bliss, P, 1970).

The study of consumer perception thus is not a very simple task for marketing experts, because in this ever changing competitive marketing environment, customers are gradually becoming unpredictable, which makes the study much more complicated (Blois, 2000). In today’s world of limitless choices and wide array of purchase options available, brand preferences may change in course of buying process further influencing them in switching a brand (Assael, 1998).

2.3 Consumer Perceptions in Private Labels

Since, the present study aims at mapping consumer perceptions in private labels; we should first understand the meaning of private labels. The definitions of private labels in literature vary and therefore no standard definition exists.

The Private Label Manufacturers Association (2010) provides on its website the following definition for private labels: “Private label products encompass all merchandise sold under the retailers’ brand. The brand can be retailers own name or a name created exclusively by the retailer. In some cases, a retailer may belong to a wholesaler group that owns the brands that are available only to the members of the group.” For our study, this definition of private label is considered.

The German Committee for Definition of Terms in Trade and Distribution (2006) sees private labels as product – or company brands with which retailer or wholesale group label products, in order to distribute this labelled products exclusively in their own retail stores.

These definitions from two different sources mention two important factors for defining private label products. First of all, both the definitions imply that the retailer
has the ownership of private labels sold in his retailing store and also the control over these private labels. The second consistent factor of both is exclusivity of the retailers’ rights to the labelled products. The number of definitions of private label strategies is similar.

A Private Label Brand (PLB) is defined as “a brand owned by the retailer or a wholesaler for a line of variety of items under exclusive or controlled distribution” (Nielsen, 2005).

Private label brands are defined as products produced by one manufacturer and sold under the name of different company. In other words, private labels are those sold under the retailers brand instead of the manufacturers (Mbaye, 2009; Burton, Lichtenstein, Netemeyer and Garretsonm 1998).

Lincoln and Thomassen (2008) define private labels as retailer brands: “brands which are owned and sold by the retailer as well as distributed by the retailer”. According to Beneke (2009), private labels are usually manufactured by a third party under licensing. The third party is called as contract manufacturer.

Kumar and Steenkamp (2007) have defined store brands to be any brand that is owned by the retailer or distributor and is sold only in its own outlets. Store brands are the only brand for which the retailer must take on all the responsibility – from development, sourcing and warehousing to merchandising and marketing.

Having seen the various definitions of private labels, the researcher then undertook a rigorous study of previous attempts made in linking consumer perceptions in private labels. Researchers have found that one of the interesting phenomenon concerning PLBs is the fact that their growth has been highly uneven across product categories (Hoch and Banerji, 1993). The earliest study on private label brands goes all the way back to the (1960’s Coke and Schuttle, 1967; Food Commission report, 1966; Stern, 1966) were among the first to address the importance of private label brands and their strategic relevance from the retailers point of view. Later studies focused on demographic, psychographic and behavioural characteristics of store brand consumer (Meyers 1967; Loe 1971; Bellizzi 1981).
Since the mid-eighties, with the advent of scanner data and the increased application of analytical models in marketing, there has been a spurt in the number of studies dealing with store brands. These studies especially focus on (i) estimating the impact of national brand and store brand marketing actions on brand sales or market share (Blattberg and Wisniewski, 1989; Sethuraman, 1995), and (ii) developing optimal marketing strategies for national and store brands (Rao, 1991; Raju et al., 1995). Sethuraman (2003) concludes that store brand consumers are those who: “(i) value price as an important criterion for purchase, and (ii) do not value brand image as important, but (iii) may consider quality as an important determinant when choosing among brands.” With the growth of retailers, the number of research done on private label increased. As a result, many studies were conducted on market performance of private label brands (Ailawadi, 2001) and differences and competition between National and Private Label Brand (Richardson et al., 1994; Baltas et al., 1997; Aggarwal, 1998). Store chain behaviour across categories and formats was the study conducted by Singh and Banarjee. Empirical research was carried out by Chaavdi & Kokatnin (2008) to investigate where private label brand result into store loyalty. Private Labels as a strategy for improving store image and profitability was studied by Quelch and Harding (1996). Private Labels also enhance store differentiation (Ailawadi et al., 2001; Corstgens and Lal, 2000; Steenkemp and Dekimpe, 1997).

Raju et al. (1995) proposed that retailers’ profits are going to increase if more number of national brands is available in a product category. The study was carried under the assumption that customers exhibit brand loyalty when the competition among national brands is high. They found that when more number of national brands are available in a product category, introduction of store brand increases category product sales, thus overcoming the false assumption that the presence of too many national brands leaves no place for private labels. Hence, more number of brands in a product category increases category sales thus giving a chance for private labels to be introduced.

A study conducted by Roy (2005) on factors governing consumers’ choice of supermarkets, analyzed that factors such as add on benefits, general services, convenience and variety influence consumers choice of supermarkets. The study used cluster analysis along with factor analysis for segmenting the consumers and revealed that choice patterns of consumers are going to vary according to age, occupation and
income. Another study by Mattson (1982), examined that situational factors have a significant influence on store choice decision. Factors such as time pressure, self shopping, purchasing for occasions such as birthdays and other situation specific drivers have an impact. The study also mentioned that the shoppers need to be evaluated on each occasion based on the utility derived and cost incurred out of the shopping experience.

Livesey and Lennon (1978) explore whether the change in price differentials may cause purchasers of expensive (manufacturer) brands to switch to cheaper (retailer) brands, or from retailer to manufacturer brands; however, they only consider price. Ailawadi et al. (2001) and Garretson, Fisher and Burton (2002) identify psychographic or demographic traits that potentially drive usage of store brands and national brand promotions, but they fail to include certain variables such as money attitudes, which have been demonstrated to affect compulsive buying (Roberts and Jones, 2001), motivational needs, which have been shown to influence purchase attitudes, (Yamaguchi, 2003) and store image, which have been proven to influence private label attitude (Semeijn, Riel and Ambrosini, 2004). Richardson, Jain and Dick (1996b) demonstrate the influence of aesthetics on the assessment of private label brands and national brands, but use an experimental design that limits the generalisability.

Chakraborty (2011) researched on customer’s perception towards private label cola and found out that there is a link between the income level of customers and choice of private label cola. Private label were found to be more popular in less affluent areas of the country. Premium brands of colas have taken years to create a strong and favourable image thus loyal customer with customer’s perception about private label colas was found to be of negative attitude and unfavourable perceptions about price, quality, taste, packaging and promotion.

Hariprakash (2011) examined the growth, performance and importance of private labels to a retailer. Retailers in order to differentiate from other retailers develop high quality products. The study mentioned that retailers should not only rely on their private labels because customers come to store because of national brands though they end up buying private brands. The footfall drops if customers realise that the regular
national brands are not available in store. The customers expect private labels along with national brands rather than national brands along with private labels.

Krishna & Venketesh (2008) researched on clothing, textile and fashion accessories segment and showed that the segment occupies a share of 12% in total retail sales and has been growing at the rate of 18% per annum. A large number of players have entered in the organized and unorganized sectors. These players have realized that in order to attract the customers they not only need to offer customers with a wide variety of merchandize in terms of width, length and depth but needs to provide intangible also in the form of store image and experience and ambience.

Nair (2011) discussed on the customers perception towards private labels and national brands. The Indian customers still feel that private labels are of poor quality compared to national brands. Customers indicated that national brands provide hedonic benefits whereas private labels are of low price and lack image. The study also emphasized on various factors which influence the buying behaviour of customers towards private labels as: perceived quality, freshness, packaging, health, availability of alternatives, promotions and in store advertising.

Nair Suja (2011) mentioned that private label which initially used to cater to a specific segment that was price conscious but not quality conscious now segments urban youth due to their lifestyle and growing fashion awareness.

Sharma et al. (2010) showed that in India private brands account for only 5% of the total organized retail market whereas globally it is 17%, hence private labels have a huge potential here. Vakariya and Chopde (2011) researched on private label and national brands for the apparel segment and found out that store brands provide value for money to the customers and higher margin to the retailers. Customers have strong brand preference for national brands.

Major studies related to private labels have taken place in the following areas. To better understand the studies carried out the next part of the literature review has been classified as follows:
2.3.1 Price

Price represents an extrinsic cue and provides one of the most important forms of information available to consumers when making a purchasing decision (Jin and Sternquist, 2002). According to the authors, price constitutes 40% of the average consumer’s information search. Avlonitis and Indounas (2005) underline the importance of pricing decisions in terms of a company’s long term profitability. The authors emphasise the flexibility of pricing – pricing strategies can be adapted more quickly than other marketing facets. As alluded to previous research, this is particularly applicable with regard to private label brands as they are under full control of the retailer, and are free from the manufacturer’s pricing strategies and considerations (Uusitalo and Rokman, 2007).

A price is the amount of money, goods or services that must be given to acquire ownership or use of a product. Some prospective customers are interested in low prices, whereas another segment is more concerned with other factors, such as service, quality, value and brand image (Etzel et al., 2005). Marketers understand that consumers often actively process price information, interpreting prices in terms of their knowledge from past purchasing experience, formal communications (advertising,
sales call and brochures), informal communications (friends, colleagues or family members) and point of purchase or online resources. Price is a multidimensional concept and it is important to understand the underlying dimensions of the price. Hence the researcher has made an attempt to study the dimensions of price.

A study by Lakshman and Raj (1991) on brand loyalty and consumer price elasticity states that loyal customers are less price sensitive in their choice decision where as they are more price sensitive in the quantity decision. Average price of private brands on a global basis is 31% lower than the national brands (A.C.Nielsen 2005). For instance, 19 of 23 studies reviewed by Sethuraman 2003 present three types of evidence to support the importance of price in influencing store brand sales. The first type of evidence comes from general consumer surveys that measure the importance of price in store brand purchase. For example, a 1990 Gallup survey found that 74% cite price as a very important factor in store brand purchase. The second type of evidence comes from consumer surveys investigating the strength of relationship between price sensitivity and store brand purchase intention and/or attitude (e.g., Richardson et al., 1996; Batra and Sinha, 2000; Ailawadi et al., 2001). Finally, a third line of evidence comes from a number of scanner data studies that have found a much stronger own price effect for store brands than for national brands (e.g., Cotterill et al., 2000; Sethuraman, 1996). Consistent with such findings about the importance of price in store brand purchase, few of the past studies suggest that brand image is not an important factor for store brand patronage (Sethuraman, 2000).

Price consciousness is the degree to which consumers use price in its negative role as a decision-making criterion (Lichtenstein et al., 1988). Since PLBs are typically lower in price relative to national brand products, studies have often used price consciousness as one of the attitudinal characteristics of PLB buyers. Price consciousness is relevant to both national brands and PLBs. Raju et al. (1995) confirm that PLB products perform well in product classes where consumers are more price sensitive. Burton et al. (1998) and Ailawadi et al. (2001) also show that consumers who tend to pay low prices have a more favourable attitude towards buying PLBs. Erdem et al. (2004) show that the greater price sensitivity of UK compared to US consumers explains why PLBs are more successful in the UK than the USA.
Effective marketing of store brands can create a captive clientele and make the chain less vulnerable to price pressures or aggressive attacks by the competition (Dick et al., 1995). Several real-life examples illustrate that this new type of retailer brand is clearly gaining ground. One example is the success of the private label “President’s Choice” of Loblaws, the largest Canadian grocery chain, showing that premium private labels are viable and that they can be a major competitive force in the consumer goods industry (Dunne and Narasimhan, 1999).

Pricing also allows companies to segment markets, define products, create incentives for the consumers, and even to send messages to competitors (Rosa, 2001). Apart from this, price also has a strong and quick effect on sales and its modification requires little time. This is traditionally considered to be a tactical variable of the marketing mix (Díez de Castro, 1999). While it is obvious that price does not have the same significance in all sectors and markets, it has great influence on frequently purchased products. Research has demonstrated that prices and price promotions have a strong effect on the market share of many product categories (Barreiro and Ruzo, 2000). This variable is a decisive factor for many consumers when deciding what products they are purchasing in supermarkets (Bucklin and Lattin, 1991; Krishnamurthi and Raj, 1991; Urbany et al., 1996; Sivakumar and Raj, 1997; Binkley and Connor, 1998; Grewal et al., 1998; Kim et al., 1999). The decision of store choice within the purchase choice should also be considered. This can prove to be the main influencer when a consumer decides where and when to buy a product. The information gained from a sequence of purchase trips will provide information for the number of consumers that choose the same store in later purchases (store loyalty) and for those who decide to change their place of purchase. These two decisions are comparable because consumers usually go to small, local stores to purchase products they run out of, and to bigger stores (such as supermarkets and hypermarkets) for their larger purchases (Popkowski et al., 2000). Consumers can use their knowledge about prices to make the decision of which store to choose. They accumulate knowledge on the price distribution of retailers, enabling them to recognize when the store promotions are attractive and to adjust their expenses according to that visit. Gabor and Granger (1979), for example, suggest that price-consciousness is inversely related to social class, is different among branded and unbranded goods, and seems to decrease as the number of purchases of a commodity increases. Webster (year) finds
some tendency for deal-proneness among women to be positively related to age and the number of different brands purchased, and negatively related to brand loyalty and total number of units purchase.

Consumers do not buy private label brands solely because it is cheaper. Lichtenstein et al. (1993) defines value consciousness as a concern for price paid relative to quality received. It implies consideration of quality not in absolute terms, but in relations to the price of a particular brand (Jin, 2005). Empirical research has confirmed that value related measures are positively related to private label brand attitude. Dick et al. (1995) found that store brand prone shoppers regard store brands as having greater value for money than do non-store brand prone shoppers. It also has been suggested that when consumers balance price and quality, there is a more favourable attitude towards private label brands (Garretson et al., 2003). Perceived quality is a critical element for consumer decision making. Consumer will compare the quality of alternatives with regard to price within a category (Jin et al., 2005). Many consumers use price as an indicator of quality. Lichtenstein et al. (1993) defined sale proneness as “an increased propensity to respond to a purchase offer because the sale from in which the price is presented positively affects purchase evaluations.” Those consumers who view price as what they give up for the product might exhibit sales proneness (Jin et al., 2005). Lichtenstein et al. (1993) defined price mavenism as the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest prices, initiates discussion with consumers, and responds to request from consumers for market place price information. Lichtenstein et al. (1993) defined price sensitivity as favourable perceptions of the price are based on feelings of prominences and status that higher prices signal to other people about the purchaser.

2.3.2 Quality

According to previous research, the definition of quality may differ for different consumers and different products, and may change over time (Dyparcq, 1993). Perceived quality is an important factor of consumer purchase of private brands. In light of the importance of quality perception, marketing researchers advocate a switch of positioning of private brands from price to quality (Hoch and Banerji, 1993). A bundle of strategies have been studied to take further the quality perception of private
brands, such as motivating consumer in store product trial (Sprott and Shimp, 2004), improving package design (Sayman, Hoch, and Raju 2002), combining brand name from its store identity (Richardson et al. 1994), and using price as a quality signal (Sheinin and Wagner, 2003). These strategies utilize either internal cues (i.e. actual product ingredients) or external cues (i.e. package design, brand name, and price). The efficiency and the effectiveness of these strategies are called into question. Product trial is costly and not popular among retailers (Sprott and Shimp, 2004), package design proves little effective in driving up brand quality perception (Sayman et al., 2002), the brand name effect would eventually disappear if consumers know the store identity, and increasing price to signal a better quality would reduce the competitive advantage and sales of private brands. To study the quality perceptions in detail the cue utilization theory needs to be highlighted.

Cue Utilization Theory

Cue utilization theory may provide an attractive framework through which to assess consumer perceptions of store brand quality. According to this theory, products consist of an array of cues that serve as surrogate indicators of quality to shoppers (Cox, 1967; Olson, 1972). The particular cues are evoked according to their predictive and confidence values. The predictive value of a cue (PV) is the degree to which consumers associate a given cue with product quality. This is similar to the diagnosticity of the cue, which represents the reliability of a cue and the likelihood that using it would lead to a successful task resolution (Dick, Chakravarti, and Biehal, 1990). The confidence value of a cue (CV) is the degree to which consumers have confidence in their ability to use and judge that cue accurately (Cox, 1967; Olson, 1972). Cues characterized by high CV and high PV assume the greatest weight in the quality assessment process. Cues can be further classified as extrinsic or intrinsic to the product (Olson 1972; Olson and Jacoby 1973). Extrinsic cues are product-related attributes-such as price, brand name, and packaging-which are not part of the physical product. Conversely, intrinsic cues represent product-related attributes, such as ingredients, that cannot be manipulated without also altering physical properties of the product. The relative salience of extrinsic versus intrinsic cues in quality assessment depends on their PVs and CVs (Olson 1972).
Excellent reviews of the literature on cue utilization theory are provided by Monroe and Dodds (1988), Purwar (1982), and Rao and Monroe (1989). Purwar, for example, classified empirical investigations according to the cue(s) manipulated. Using this classification, Purwar summarizes 38 price cue experiments, 12 brand name cue studies, 9 store image investigations, and 14 studies in which intrinsic compositional cue effects on quality assessment were examined. A review of the literature suggests that consumers rely on extrinsic cues such as price (Leavitt, 1954), brand name (Allison and Uhl, 1962), packaging (McDaniel and Baker, 1977), store name (Wheatley, Chiu, and Goldman 1977), and colour (Peterson, 1977) when making quality assessments. In particular, brand name is frequently used by consumers as an "informational chunk" that represents a composite of information about several attributes of the product, such as price, size, shape, manufacturer, and performance factors (Olson, 1976). Intrinsic cues relating to a product category (e.g., taste, texture, aroma) also have been found to have high PVs and CVs (Olson, 1972; Olson and Jacoby, 1973). Furthermore, research evidence suggests that consumers tend to use both intrinsic and extrinsic cues concurrently when evaluating product quality (Jacoby, Olson, and Haddock, 1973; Simonson, 1989; Szybillo and Jacoby, 1974).

Semeijn et al. (2004) conclude that when quality variance within a product category is high, consumers will choose manufacturer brands over private labels, to reduce perceived risk of that purchase. Dick et al. (1995) also show that PLB proneness is higher when there is a lower quality differential between PLBs and national brands. However, Batra & Sinha (2000) show that quality variability only is an indirect influence when consequences of a purchase mistake mediate PLB preference. This finding contradicts other studies which show that quality variability has a direct and negative influence on PLB proneness (Dick et al., 1995; Hoch and Banerji, 1993; Semeijn et al., 2004).

Sethuraman (2003) also finds that past studies show a positive relationship between quality perception or quality consistency of store brands and store brand purchase intention or market share. Again, as with the role of price sensitivity, the evidence comes along three different lines. The first line of evidence comes from general consumer surveys like the 1990 Gallup survey that found 83% of respondents citing quality as a very important factor in store brand purchase. The second type of
evidence comes from consumer surveys and panel data linking perceived store brand quality to store brand purchase intention and/or attitude (Richardson et al., 1996; Batra and Sinha, 2000; Ailawadi et al., 2001). The final line of evidence is based on insights from cross-category analyses that looked into the influence of quality or quality uncertainty in explaining cross-category, cross retailer variation in store brand shares (Hoch and Banerji, 1993; Dhar and Hoch, 1997).

Improved quality is credited throughout the marketing literature as a major reason for the growing acceptance of PLs. Hoch and Banerji (1993) found that PL market shares are higher and the reputation premium lower where mean PL quality is higher and variance in quality lower. Maintaining box-to-box quality consistency is something that producers of leading advertised package goods brands pursue assiduously. The major chain retailers now have staffs responsible for identifying opportunities or new PL product and for sourcing them. Virtually always the new store brands are copies of successful NBs.

Omar (1994) conducted a quality test for Private Label Brands and National Brands across three product categories. The result showed that consumers did not perform any difference among brands during a blind taste test but revealed taste test indicated superior ratings to national brands. Thus, private label offers were rated much lower in revealed taste test than in blind taste test. Invariably majority of studies indicate that private labels suffer from low quality image when compared to national brands despite improvements made in quality. This spawned the efforts of academicians and practitioners to examine ways to improve quality perceptions of private labels (Abhishek and Abraham, 2008).

Abhishek and Abraham (2008) found out through the research that the gap in quality of private label and National brand is narrowing with the time as retailers are emphasizing more on quality. According to them the retailers have started providing depth in the product category in terms of size, colours, packaging, style, design, features and other product attributes. Rosen (1984) conducted a telephone survey of 195 respondents and obtained ratings for generic, private label and national brand grocery products on three quality perceptions: overall quality, quality consistency over repeated purchases and quality similarity across stores. Data gathered across nine product categories showed that private label brands had lower scores in comparison to
national brands for overall quality as well as quality consistency over repeated purchases.

Perceived quality is a critical element for consumer decision making; consequently, consumers will compare the quality of alternatives with regard to price within a category. One empirical study found that the perceived quality differential in certain categories is the most important reason consumers opt to pay more for national brands (Sethuraman and Cole, 1997). Two studies empirically suggest a moderating effect of perceived quality variation on PB proneness. Batra and Sinha (2000) found that perceived quality variation indirectly impacts on PB purchases via consequences of making a mistake in brand choice. Richardson et al. (1996) found that perceived quality variation between PB and NB positively affects perceived value for money of PB, which in turn increases PB proneness.

2.3.3 Price-Quality

There are two different approaches to validate the concept of the price-quality relationship (Dyrapcq, 1993; Monroe & Dodds, 1988; Rao & Monroe, 1988). The first approach, beginning with Leavitt's (1954) study, is related to a matter of consumer sophistication and perceived quality. This approach has attempted to verify that buyers perceive a positive price-quality relationship. Meanwhile, the second approach, beginning with Oxenfeldt's (1950) study, has dealt mostly with market efficiency and objective quality. In order to validate these concepts, researchers have examined whether there is a positive correlation between actual product quality and price.

Norum and Clerk (1989) in a study regarding quality and price correlations demonstrated that there were no significant differences in objective apparel quality scores as a result of using different weighting scales. Riesz (1978) examined the price-quality relationship for 685 product categories reported in Consumer Reports published from 1961 to 1975. In this study, he noted that the relationship between price and quality for nondurables was much weaker than for durables. Moreover, the proportion of nondurable product categories with negative price-quality correlations was more than twice that of durable product categories. In a similar manner, Gerstner (1985) computed the correlations between price and quality for 145 products obtained
from Consumer Reports between the 1980 and 1982 issues. The findings indicated that the price and quality relationships are weak in many product items, while the strength of correlations differs according to product categories. For instance, price and quality correlations were relatively strong in specific product categories including bicycle locks, binoculars, black and white TV sets, compact stereos, electronic drills, and women's trench coats. This finding also implied weaker relationships for nondurable products than for durable products.

Many private label brand studies exhibit that price-quality associations have a negative impact on PLB attitude and purchase (Burton et al., 1998; Garretson et al., 2002). Therefore, the low prices may only show further any unfavourable quality perceptions of PLB products (Richardson et al., 1996). Similar findings from Ailawadi et al. (2001), Burton et al. (1998) and Garretson et al. (2002) also depict the weaker the price-quality association, the more favourable the attitude towards PLBs and the higher the purchase prospects of PLBs.

Price and quality are two important characteristics for choosing a private label brand and there is a direct relation between them. Consumers always use this ‘price-quality’ formula to calculate the brand differences in the course of their buying decision making process (Edgecliff, 2001). They do make quality judgments on the basis of price rather than other product attributes and feel that low priced products are inferior in quality (Batra and Sinha, 2000). Although quality varies by the retailers, the taste is nonetheless inferior to premium brands (Steenkamp at al., 2003). Studies reveal that these brands are generally seen as cheaper alternatives of premium ones meant only for price conscious customers (Riezobos, 2003).

Bontems et al. (1999) researched on various levels of private labels quality and their impact on the national brand. If the private label quality is low, the National Brand need not bother as its quality is good and reasonably priced, thus will find enough customers. The retailer therefore sells both products targeted at different segments. The higher the private label quality, the more competitive the private label is with respect to the National Brand. This leads to a decrease in national brand wholesale price.
Monroe and Krishnan (1985) stressed that price still can be used to infer quality when considering about the brand name. Consumers who believe in price and quality relationship probably depend on brand names and engage in price seeking behaviour (Tellis & Gaeth, 1990). Previous research has shown that a consumer’s level of price consciousness rises with lower income (Gabor and Granger, 1979; Lumpkin, Hawes, and Darden, 1986), and is higher among deal prone consumers (Babakus, Tat and Cummingham, 1988) who believe less in price quality association (Lichtenstein, Bloch and Black, 1988).

Very few studies regarding price-quality relationship in private label apparels have been undertaken in India and especially in Gujarat in the recent past. Hence this study is an attempt to void this gap.

2.3.4 Store Image

Bolemer and Ruyter (1998) define store image as: The complex of a consumer’s perceptions of a store on different (salient) attributes. Store image is reflected in the store’s physical environment, and in perceptions of its goods and service quality (Semeijn et al., 2004). Therefore, store image strongly influences store brand perceptions (i.e. brand image) (Collins-Dodd and Lindley, 2003) and store brand attitude (Semeijn et al., 2004). However, the extrinsic cue (store name) is more relevant for store brands than national brands. Therefore, an unfavourable store image will not harm a strong brand, nor will a positive store image help a brand with an unfavourable image (Jocoby and Mazursky, 1984). Store aesthetics have no effect on judgments regarding the quality of national brands (Richardson et al., 1996b).

Starting with the early works of Martineau (1958) SI has attracted its fair share of research attention that has resulted in a rich body of knowledge. Lindquist (1974) conceptualized SI as a common running theme or structure across nine dimensions – merchandise, service, clientele, physical facilities, convenience, promotion, store ambience, institutional factors, and post transaction satisfaction. Doyle and Fenwick (1974) consider five dimensions of SI – product, price, assortment, styling and location. Bearden (1977) conceptualized shopping centre image as consisting of seven dimensions – price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. Nevin and Houston (1980) focus on only
three dimensions of retail image – assortment, facilities, and market posture. Ghosh (1990) argues that retail image consists of eight elements of retail marketing mix – location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs. More recently, Kim and Jin (2001) used six dimensions – merchandise, service convenience, facility convenience, congestion, clean and spacious atmosphere, and price competitiveness. Chang and Tu (2005) used only four dimensions – facilities, store service, store activities, and convenience. In summary, the conceptualization of SI is diverse and multidimensional. Chowdhury et al. (1998) conducted an extensive review of extant literature on SI and identified six dimensions that seem to capture the common elements across these varied conceptualizations of SI. They then tested its reliability and validities in the context of grocery stores. The six dimensions are employee service, product quality, product selection, atmosphere, convenience and prices/value.

Alain (2004) showed that consumer evaluation of store brands and national brands were influenced by joint effects of store image and intended usage situation. A French study showed that the store image offers recognition, familiarity, confidence, and other associations that make it easier for consumers to make the decision to try the product (Dimitriadis and Langeard, 1990). Although there is a reciprocal influence between store image and individual store brand image, the influence is stronger from the store to the brand than in the opposite direction. In other words, when consumers have tried the store brand, their opinion about it will have a potential influence on the store image, but it is more likely that the image of the store already influenced consumers’ willingness to try the brand. Another result was that retailers’ corporate brands are not credible for certain types of products, like home appliances or champagne, and that store brands will not be bought for certain high involvement consumption-usage contexts. There are, however, also studies showing a negative effect from corporate image. One study showed that the quality rating of store brands increased by 21 percent, if the store had an attractive store atmosphere (Richardson et al., 1996). Thus, it is not only the quality of the products offered but also how the store is managed that influence the image of store brands (but not manufacturer brands).
2.3.5 Brand Image

A strong relationship between retail Store Image and the image of its PLB is considered to be a “fundamental requirement for a successful differentiation strategy” (Collins-Dodd and Lindley, 2003, p. 2). Research has also demonstrated that brands with a better image are chosen than those with a less positive image (Kwon, 1990). Pitta and Kutsanis (1995) have exhibited that a positive image of a brand differentiates the brand in the consumer’s mind, and in turn helps enhance the brand equity. While the management of a department store focuses on ways to increase their PLB equity, a possible solution is to focus on factors that enhance the PLB image. Some studies in the past also suggest that brand image is not an important factor for store brand patronage (Sethuraman, 2000).

A brand-image is defined as the sum total of brand associations held in consumer memory that lead to perceptions about the brand (Keller, 1993). These associations of brand image are multidimensional and consist of the affective dimension or the attitudes towards the brand and the perceived quality dimension (Keller, 1993). Faircloth et al. (2001) used structural equation modelling to show that brand attitude is directly related to brand image.

2.3.6 Store Loyalty

Conventional wisdom maintains that PL use is associated with higher store loyalty. For example, Richardson, Jain, and Dick (1996, p. 181) state that “store brands help retailers increase store traffic and customer loyalty by offering exclusive lines under labels not found in competing stores.” Likewise, the Private Label Manufacturers Association (2007) Web site states that “retailers use store brands to increase business as well as to win the loyalty of their customers.” However, empirical evidence on the subject is mixed. On the one hand, a positive correlation between PL use and store loyalty has been observed in some studies (e.g. Ailawadi, Neslin, and Gedenk 2001; Kumar and Steenkamp, 2007). Corstjens and Lal’s (2000) analytical model supports PLs’ ability to build store loyalty, and Sudhir and Talukdar (2004) report indirect support for PLs’ store differentiating ability. On the other hand, there is evidence that consumers may not differentiate between different retailers’ PLs; that is, PL users may be loyal to PL products in general, not to the PL of a particular retailer.
(Richardson 1997). If this is the case, it is difficult to understand how PL use would increase store loyalty.

Empirical research was carried out by Chaavdi & Kokatnin (2008) to investigate where private label brand result into store loyalty. As per Marcel and Lal (2000), a research on building store loyalty through store brands, revealed that when consumers are sensitive to product quality and brand choice, then quality store brands introduced by retailers can be used as an instrument to create store differentiation and thereby develop store loyalty and store profitability. This holds well for packaged goods categories and not for cheap private labels. The research highlights that store brands and national brands play complementary roles, while the former becomes a source of store differentiation and loyalty; the latter plays the role of increasing the price of store labels thereby contributing towards store profitability.

Two main advantages derived from the adoption of PLs by retailers are: bigger margins, and increased store loyalty (Fontenelle 1996). It has also been argued that store brands help retailers differentiate themselves and create store loyalty (Legwear Trends and Fashions, 2003). Ailawadi & Keller (2004) analysed that store loyalty is because consumers get a single brands across multiple product categories. They explained that loyalty towards the store can be developed by building cross category and within category assortment.

2.3.7 Brand Loyalty

Brand loyalty is defined largely as a consumer’s strong commitment towards a particular brand to the extent where the consumer will be motivated to obtain that brand exclusively on every purchase transaction and is constantly looking out for any marketing activities related to the brand (Brown, 1952; Barwise and Ehrenberg, 1987; Chaudhuri, 1995; Baldinger and Rubinson, 1996). Loyalty is one factor that many studies have shown to have a strong influence on purchase decision (Alvarez et al., 2000). Loyalty does not only influence the decision of store choice, but also the brand choice and the quantity of products purchased.

It was also found that brands with bigger market shares have greater influences on purchase. Alvarez et al. (2000) also found that brand loyal consumers will tend to use
the current market price as a comparative element among the brands of the set choice. Non-brand loyal consumers usually have more capacity to remember the previous prices, and use them accordingly to judge the current ones. Further, Krishnamurthi and Raj (1991) demonstrate that brand loyal consumers are less price sensitive compared to non-brand loyal consumers. As such, when a brand is promoted, its loyal consumers buy more of it than they would usually buy under normal circumstances. In addition, the non-loyal consumers are more likely to buy the promoted brand as well, although in smaller quantities.

Chaudhuri and Holbrook (2001) suggest that consumers become brand loyal when they perceive some unique value in the brand that no alternative can satisfy. This uniqueness may be derived from a greater trust in the reliability of a brand or from a more favourable experience when a customer uses the brand. Schoenbachler et al. (2004) take this further, stating that not only does the brand loyal customer buy the brand but (s)he also refuses to switch, even when presented with a better offer. Bayus (1992) proposes that maintaining brand loyalty is becoming a critical component in the development of competitive strategy, thus highlighting the importance of developing methods to measure and evaluate brand loyalty. Davis (2002) identified further positive repercussions resulting from a strong brand other than simply increased sales. Effective brands have been correlated with increasing market share; lending credibility to new product developments; giving a clear, valued and sustainable point of difference as well as commanding a premium. Most importantly, consumers appear less price sensitive and more trusting towards these brands.

According to Mc Goldrick (2002), private label brand manufacturers have faced a long time problem to create an image of brand loyalty towards private labels. This is because the number of retailers in the current scenario is increasing tremendously. East et al. (1997) said that consumers usually build positive attitude towards a store and its brands through their loyal behaviour.

2.3.8 Innovation

Brand Rogers (1983) defines innovativeness in terms of the degree to which a person is earlier in adopting an innovation relative to other members of his or her social system. Consumer innovativeness in this study is defined as “the predisposition to buy
new and different products and brands rather than remain with previous choices and consumption patterns” (Steenkamp et al., 1999). It is generally accepted that consumer innovative predisposition leads to early product adoption (Goldsmith et al., 1995; Im et al., 2003; Midgley and Dowling, 1993) and internet shopping (Citrin et al., 2000). However, linkage between consumer innovativeness and PB purchase has received little attention. Ever since Midgley and Dowling (1978) have recognized that the relationship between innovativeness and behaviour is mediated by many situational and product-specific factors. Richardson et al. (1996, p. 180) suggested that “consumers may be more prone to select store brands for ‘think type’ rather than ‘feel type’ products”. This finding implies a more positive relationship between consumer innovativeness and purchasing PB food items as this category is considered a “think” type.

Research on diffusion of innovation by Rogers (Rogers, 1976) has classified consumers into early adopters, imitators, late adopters, laggards and non-adopters. Research by Bass further confirms such a classification (Bass, 1969). The diffusion process consists of four key elements—an innovation, the social system on which the innovation impacts, the communication channels of that social system, and time (Rogers, 1983).

2.3.9 Product Category

Inter-category differences are an important source of variation in PLB share (Batra and Sinha, 2000; Dhar and Hoch, 1997). Batra and Sinha (2000) suggest that examining these inter-category differences may provide further insight into the development of PLBs. International PLB research shows that grocery store brands in European countries have a higher brand equity compared to countries such as the USA (Erdem et al., 2004). The replication takes place in a different research setting (another country), providing a further test of the original hypotheses. In New Zealand, PLB market share is relatively low, but local grocery retailers have extended their store brand offerings in recent years (ACNielsen, 2003).

Research has also been conducted taking into account different categories of private labels. However for this study, only apparel category is selected.
2.3.10 Promotions

Chandon, Wansink and Laurent (2000) conclude that sales promotions provide consumers with benefits beyond monetary savings. Ailawadi et al. (2001) propose that comparing the use of national brand promotion and private labels is important because the promotion and private label strategies, which will cause manufacturers and retailers to become competitors and/or partners, will define the twenty-first century marketplace. Therefore, this work compares the links between attitudes toward promoted brands and private labels and their antecedents. Ailawadi et al. (2001) examines that national brands compete with private labels on advertising and aggressive promotions. It explained that price points of private labels are 30% less than national brands while national brands compete with private labels by offering discounts of 20 to 30 percent.

Baltas (2003), on the other hand, suggests that manufacturer brands cannot often compete with private label brands in terms of pricing and thus advertising plays a vital role in product differentiation for manufacturer brands. Retailers are therefore challenged to promote their range of private label brands without large scale advertising. This is often achieved through placement of one or two private label products – alongside their manufacturer-branded counterparts – in a newspaper insert or the co-branding of both fascia and private label brands in a television advert. Nonetheless, retailers are mindful that private label brands need to be self promoted to some degree and that excessive advertising thereof is almost certainly unwarranted.

In Indian context, private labels are seldom promoted, and if at all they are promoted; it would be in store promotions. Promotion of private labels happens widely in US and UK. Hence this area has not been dealt with in this research.

2.3.11 Risk Aversion

Perceived risk emerges as a critical factor that influences consumer intentions to buy PLB products (Batra and Sinha, 2000; Bettman, 1973; Dunn et al., 1986) and adopts a retail perspective. Richardson et al. (1996) test a comprehensive framework in which quality, risk, external cues and demographic factors are antecedents of PLB purchasing Prior studies show that the greater the perceived risk associated with
PLBs, the lower the consumer PLB proneness (Dunn et al., 1986; Erdem et al., 2004; Richardson et al., 1996). Perceived risk has a number of facets: a functional risk (the PLB does not perform), a financial risk (wasting money) and social risk (the PLB may not be good enough for my friends). However, many studies treat “perceived risk” as a single construct to predict consumer preferences for PLBs rather as a multidimensional phenomenon (Dunn et al., 1986). Furthermore, Mieres et al. (2006) show that social risk is not a significant influence on PLB purchasing. Batra and Sinha (2000) examine this construct more closely using four determinants to explain PLB purchasing. These determinants are a greater consequence of making purchase mistake, quality variability between the PLBs and national brands in a category, the “search” versus “experience” nature of product features in a category and price consciousness.

The consequences of making a purchase mistake is an important risk factor as consumers regard PLBs as being inferior to national brands on reliability, prestige, quality attributes (Bellizzi et al., 1981). When consumers consider that purchasing a wrong brand may have some important negative consequences, they are more likely to buy national brands. An explanation for this behaviour is that national brands provide a safer choice in many consumption situations (Baltas, 1997). Dunn et al. (1986) find that consumers regard PLBs as most risky on performance measures compared to national brands. Dunn et al. (1986) also find that PLBs are least risky on financial measures; however, social risk is less important for supermarket products generally. Other studies indicate that category involvement also negatively influences consumer attachment to PLB brands (Baltas and Doyle, 1998). In contrast, Batra & Sinha (2000) focus on the risk aspects namely the costs and the immediate inconvenience of the purchase mistake of a PLB purchase. B&S find no significant link in their initial analysis between consequences of a purchase mistake and PLB purchasing.

Consumers have less uncertainty and perceived risk in product categories with more search than experience attributes (Erdem and Swait, 1998). B&S find that consumers prefer national brands to PLBs in product categories where they cannot rely on the product packaging information to assess accurately product quality. However, other studies indicate that PLBs usually suffer from a lack of extrinsic cues such as a brand
name and packaging relative to national brands (Bellizzi et al., 1981; Cunningham et al., 1982; Dick et al., 1995). Thus, depending on search attributes to assess product quality may offset PLB proneness and increase the perceived risk associated with PLB buying. Experience characteristics are more ambiguous than search attributes (Batra and Sinha, 2000). Therefore, including sufficient search attributes to compensate for the ambiguity and uncertainty created by experience attributes should increase consumer PLB proneness. B&S show search and experience are positively related to PLB purchasing.

2.4 Overview of Literature in Tabular Format

<table>
<thead>
<tr>
<th>Author’s Name</th>
<th>Title</th>
<th>Research Setting</th>
<th>Study Sample</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Ankit Mehrotra &amp; Dr Reeti Agarwal (2009)</td>
<td>Private Label Brands and their Perceptions among Indian Youth</td>
<td>North India</td>
<td>Grocery / Apparel / Footwear / Electronic Goods</td>
<td>Respondents preferred national brands over private labels. Age and profession affected the preference pattern.</td>
</tr>
<tr>
<td>Justin Beneke (2009)</td>
<td>Consumer Perception of private label brands within the retail grocery sector of South Africa</td>
<td>South-Africa</td>
<td>Grocery</td>
<td>Average quality private label brands are of affordable prices. Communication strategies in private labels do not directly impact volume share. The most prominent demographic variable for private label purchase was indicated as income level of consumers.</td>
</tr>
<tr>
<td>Byoungho Fin, Young Gu Shu</td>
<td>Integrating effect of Consumer Perception factors in predicting private brand purchase in Korean</td>
<td>Korea</td>
<td>Grocery / Home Appliances</td>
<td>Perceived Quality variability in food category and price consciousness in a home appliance category did not show any relationship with PB purchase intention nor with PB attitude. In both</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Location</td>
<td>Category</td>
<td>Private label products can offer the same or even better quality than national brands, but at a lower price.</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------</td>
<td>-------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Kristof De Wulf, Gaby Odekerken Schroder</td>
<td>Consumer Perception of Store Brands versus National Brands</td>
<td>Belgium</td>
<td>Juices</td>
<td>Private label products can offer the same or even better quality than national brands, but at a lower price.</td>
</tr>
<tr>
<td>George Baltas &amp; Paraskevas C. Argouslidis (2006)</td>
<td>Consumer Characteristics and Demand for Store Brands</td>
<td>Greece</td>
<td>Grocery</td>
<td>Consumer characteristics are associated with interpersonal differences in store brand demand. Store brand preferences derive an evaluation process in which quality has the most significant role. Results also suggest changing image of store brands.</td>
</tr>
<tr>
<td>Prof Shilpa S Kokatnur (2008)</td>
<td>Consumer’s Perception of Private Brands: An Empirical Study</td>
<td>Bangalore</td>
<td>Grocery</td>
<td>Consumers perceive PB to be low price low quality. Store perception is different for different retailers and store image has a direct impact on private label perception.</td>
</tr>
<tr>
<td>Chandan Chavadi and Shilpa Kokatnur (2008)</td>
<td>Do Private Brands lead to Store Loyalty? An Empirical Study in Bangalore</td>
<td>Bangalore</td>
<td>Apparel / Grocery / Consumer Durables / Lifestyle</td>
<td>Proximity, Merchandise, Ambience, and Services are the most influencing factors which drive the customers to the store. Variables such as quality, innovativeness, price gap, promotion has strong association with store loyalty.</td>
</tr>
<tr>
<td>Yongchuan Bao, Yeqing Bao, Shibin Sheng</td>
<td>Improving Quality Perception of Private Brands: Effect of Intangible Cues and Risk Aversion</td>
<td>USA</td>
<td>Pharmacy / Electronic Stores</td>
<td>Positive effect of store image on quality perceptions suggests that PB developed by different stores have different quality perceptions. Negative effect of quality variations suggests that a category with low</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Category</td>
<td>Country</td>
<td>Summary</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
<td>----------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Paul S. Richardson, Alan S Dick, &amp; Arun K. Jain (1994)</td>
<td>Extrinsic and Intrinsic Cue Effects on Perceptions of store brand quality</td>
<td>Grocery</td>
<td></td>
<td>Consumer’s evaluation of store brand grocery items are driven primarily by extrinsic cues. Value for money orientation should be recommended by quality orientation.</td>
</tr>
<tr>
<td>Jason M. Carpenter, Ann Fairhurst</td>
<td>Consumer shopping value, satisfaction, and loyalty for retail apparel brands</td>
<td>Apparel</td>
<td>USA</td>
<td>Statistical models indicate support for significant, positive relationships between utilitarian and hedonic shopping benefits, customer satisfaction, customer loyalty, and word of mouth communication. In the increasingly competitive environment faced by today's retailers, the pursuit of customer loyalty is paramount. In order to be competitive, retailers must identify the key antecedents to customer loyalty and the relationships between the benefits delivered to the consumer and important outcomes (e.g. satisfaction, word of mouth communication).</td>
</tr>
<tr>
<td>Mark S. Glynn, Shaoshan Chen</td>
<td>Consumer-factors moderating private label brand success: further empirical results</td>
<td>Apparel</td>
<td>New Zealand</td>
<td>The results indicate that quality variability, price consciousness, price-quality association and brand loyalty influence consumer proneness to buy PLBs. In addition, income, education and household size are moderators of PLB purchasing. This research confirms the importance of price consciousness and quality variability on PLB purchasing. The</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Location</td>
<td>Category</td>
<td>Summary</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Alain d'Astous, Odile Saint-Louis</td>
<td>National versus store brand effects on consumer evaluation of a garment</td>
<td>Canada</td>
<td>Apparel</td>
<td>The results of the experimental study showed that consumer evaluations of store brands and national brands were influenced by the joint effects of store image and intended usage situation. Retailers in upper-class retail clothing stores willing to promote their store brands should emphasize in their communication programs buying contexts in which an item is needed for some special event (e.g. a wedding anniversary) because this appears to correspond to situations where store brands are best valued. Retailers in lower-class stores should rather promote their store brands by stressing the good quality of their clothes in day-to-day usage situations. As for national brands of clothing, emphasizing the satisfaction guarantee that comes automatically with well-established brands would seem to be the best communication strategy.</td>
</tr>
<tr>
<td>Rita Martenson</td>
<td>Corporate brand image, satisfaction and store loyalty - A study of the store as a brand, store brands and</td>
<td>Sweden</td>
<td>Grocery</td>
<td>Store brand is the most important for customer satisfaction. Customers are satisfied when the store is neat and pleasant and when they feel that the store understands...</td>
</tr>
<tr>
<td>Manufacturer brands</td>
<td>Only certain customer segments are interested in store brands. Satisfied customers are loyal. Wisely launched, store brands may be profitable to retailers. However, although gross margins are much higher for store brands than for manufacturer brands, net margins are equal. It is therefore important to find out how important store brands are in a customer perspective. After all, retailers prosper when they have satisfied and loyal customers.</td>
<td>Rajiv Batra, Indrajeet Sinha (2000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Level Factors Moderating the Success of Private Label Brands</td>
<td>Ground Coffee/ Powdered Detergent/ Canned tomato paste/ tea bags/ liquid laundry detergent/ gift wrap/soft drinks/greeting cards/ frozen orange juice/ cold and flu medicines/ sheet fabric softeners/ canned tomatoes.</td>
<td>PLB purchase in a category increases when consumers perceive reduced consequences of making a mistake in the brand choice in that category and when that category has more search than experience characteristic.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>William P. Putsis, Jr. (1997)</td>
<td>An Empirical Study of the Effect of Brand Proliferation on Private Label—National Brand Pricing Behaviour</td>
<td>Results indicate that both private label and national brand reaction functions are positively sloped and asymmetric. Successful private label penetration, as measured by total private label share,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Huei-Chen Hsu</td>
<td>Examination of Factors Moderating the Success of Private Label Brands: A Study of the Packaged Food Market in China</td>
<td>GuangZhou, Shen/he n. and Shangha i cities</td>
<td>Grocery</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
</tbody>
</table>

lowers the average price of national brands. The paper's central finding is that the impact of brand proliferation on market pricing behaviour is multi-dimensional. First, an increase in the number of brands increases the ability of national brand manufacturers to raise price. Second, the effectiveness of a brand proliferation strategy depends upon the distribution of market share. The more concentrated the brand structure, the lower the market price of national brands. Thus, the net effect of brand proliferation strategies is dependent upon not only the number of brands, but upon the actual distribution of brand shares. Finally, local market conditions play only a small role in the competitive interaction between private labels and national brands.

(I) PLB purchase in a category increases when consumers perceive reduced consequences of making a mistake in brand choice in that category; (2) when that category has more "search" than "experience" characteristics; and (3) consumer's degree of price consciousness in that category, through which we brought in PLB favouring variables such as lower incomes, high
Ronald E. Goldsmith, Leisa R. Flynn, Elizabeth Goldsmith and E. Craig Stacey  |  Consumer attitudes and loyalty towards private brands | USA | Orange Juice, Cereal, Bottled Water | The results show that private label buyers (23% of orange juice, 6.5% of cereal and 14% of bottled water buyers) consider brands themselves to be less important and private brands to offer better performance than do national brand buyers. When asked about specific brands, national brand buyers tended to be price insensitive towards national brands, and private label buyers were price insensitive towards store brands. In addition, the national brand buyers saw some of the national brands to be more relevant to their lifestyles and needs, but the private label buyers also saw the private labels in the same way. Being relevant to consumers’ lives appears to influence brand selection. Besides touting lower prices, private brand promotions might stress the equivalent performance of private labels and create promotions showing how these brands can be relevant to consumers’ lifestyles and needs.

Amit R Pandya and Monarch A Joshi (2011)  |  A Comparative Study on Consumers Attitude Towards Private Labels: A Focus on Gujarat (Ahmedabad & Surat)  |  Gujarat  |  Consumer Durables & Personal Care products  | Paper focuses on determining and comparing the consumer’s attitude towards national brands and private labels on selected attributes like quality, price, risk,
Vipul V Patel (2010) | An Empirical Study of Relationship Between Price Dimensions and Private Label Brand Usage | Ahmedabad Apparels Paper tested the relationships between six price related dimensions and private label brand usage. The six dimensions are value consciousness, price consciousness, sale proneness, price mavenism, price-quality schema and prestige sensitivity. Confirmatory factor analysis was used to validate the same. It was found that price consciousness was
positively related to private brand usage while value consciousness, price-quality schema, sale proneness and price mavenism were negatively related. Prestige sensitivity does not have any statistical impact.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Title</th>
<th>Location</th>
<th>Industry</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pravin Pandurand Patil and Vidyadhar Vedak</td>
<td>The Private Label: Retailer’s Value Proposition And Strategic Tool of Differentiation</td>
<td>Pune Food &amp; Grocery</td>
<td></td>
<td>It was found that consumers prefer national brand compared to private labels due to quality and trustworthiness factor.</td>
</tr>
<tr>
<td>N. Venkateswaran and Dr V Mahalakshmi</td>
<td>The Effect of Store Image on Consumer’s Store Brand Purchase Frequency And Perceived Quality of Store Brands Around Chennai City</td>
<td>Chennai Hypermarket shoppers</td>
<td></td>
<td>Research shows that store image and more particularly the store atmosphere affects perceived quality of store brands. Also consumer’s perception of quality has an influence on store brand purchasing frequency.</td>
</tr>
<tr>
<td>Sandra M. Forsythe</td>
<td>Effect of Private, Designer and National Brand on Shoppers’ Perception of Apparel Quality &amp; Price</td>
<td>Miami Apparels</td>
<td></td>
<td>The study examined (a) the effect of product characteristics and brand name on shoppers’ evaluations of apparel quality and price and (b) the effect of consumer decision-making style on evaluations. One hundred sixty four mall shoppers evaluated the quality and price of one of three experimental shirts which were identical except for brand labels. Brand labels had been manipulated so that each shirt contained a private, national, or designer label. Brand name did influence shopper’s perceptions of price but</td>
</tr>
</tbody>
</table>
Consumers' decision-making style was found to influence perception of price. Findings establish that perceived category risk and perceived price unfairness of national brands in that category are significant antecedents of consumer price consciousness, and that variation in such price consciousness across categories is a significant reason why consumers buy PLBs more in some categories than in others. Additionally, the study shows that perceived price–quality association has a significant effect on private label purchase in risky categories.

2.5 Conclusion

Relevant literature review enables the researcher to assess the existing information, explore the gap and make efforts in the direction of fulfilling the established gap. For this purpose, highlights of several concepts and studies are mentioned in this chapter. To understand consumer perception, a very simple definition is provided by Berelson and Steiner (1964) who say that Perception is a process by which we select, organize, and interpret information to create a meaningful picture of the world. On the other hand, it is essential to understand the concept of Private labels which is aptly defined by the PLMA as products which encompass all merchandise sold under the retailers’ brand. There are several studies which have then linked consumer perceptions to private labels, which are presented in the chapter.

Moreover, studies on private labels have then focused on each facet of consumer perception separately viz. Price, Quality, Price-Quality, Store Image, Brand Image, Store Loyalty, Brand Loyalty, Innovation, Product Category, Promotion and Risk
Aversion (Ailawadi et al. (2001), Batra and Sinha (2000), Linchtenstein et al. (1993), Jin and Suh (2005)). Price represents an extrinsic cue and provides one of the most important forms of information available to consumers when making a purchasing decision (Jin and Sternquist, 2002). Empirical research has also confirmed that value related measures are positively related to private label brand attitude. A review of the literature also suggests that consumers rely on extrinsic cues such as price (Leavitt, 1954), brand name (Allison and Uhl, 1962), packaging (McDaniel and Baker, 1977), store name (Wheatley, Chiu, and Goldman 1977), and colour (Peterson, 1977) when making quality assessments. Intrinsic cues relating to a product category (e.g., taste, texture, aroma) also have been found to have high Predictive Values and Confirmatory Values (Olson, 1972; Olson and Jacoby, 1973). An important study conducted by Richardson, Jain and Dick (1994), also examined the relative importance of extrinsic verses intrinsic cues in determining the perceptions of store brand quality.

Literature also indicated that the price and quality relationships are weak in many product items, while the strength of correlations differs according to product categories. Very few studies regarding price-quality relationship in private label apparels have been undertaken in India and especially in Gujarat. It has also been found that major studies in private labels emphasize on the grocery sector (Garretson et al., 2002; Burton and Lichtenstein, 1998; Putsis and Dhar, 2001; Sethuraman, 1996; Narsimhan and Wilcox, 1998; Sinha and Batra, 1999; Richardson et al., 1996).