ABSTRACT

An Empirical Examination of the Effect of Consumer’s Perceived Shopping Value on Satisfaction and its Behavioural Outcomes in the Purchase Of Private Label Branded Products

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An ever increasing competitive marketplace has led the retailers to seek strategies to insulate themselves and increase their profit. Moreover, large-format, modern retail chains in India have established themselves by reaching critical volumes, and hence, the next step of the classical retail story has begun with the introduction of private label brands (PLBs) (Abend 2000; Ailawadi 2001; Corstjens and Lal 2000). The present scenario is such that, PLBs have proliferated in a number of product categories and have garnered large market share. For the past four decades (Call 1967; Coe 1971; Stern 1966), research on PLBs has been of prime interest to academicians as well as to marketers (Narasimhan and Wilcox 1998). Initial studies were focussed mainly on the demographic, psychographic, and behavioural characteristics of PLBs consumers (Bellizi et al. 1981; Coe 1971; Myers 1967). Since the 90’s, majority of the studies have looked into the corporate level factors, i.e. price differential between PLBs and national brands; their promotional intensity and category margins (Cotterill, Putsis, and Dhar 2000); price sensitivity and quality perceptions (Burt and Sparks 2002); favourable consumer segments towards PLBs (Baltas and Doyle 1998); and optimal requisites for the introduction of PLBs along financial and category lines (Sayman and Raju 2004).

A thorough review of existing literature has lead to the conclusion that only a few studies (Ailawadi, Neslin, and Gedenk 2001; Corstjens and Lal 2000; Steenkamp and Dekimpe 1997) have directly dealt with PLBs by addressing consumer loyalty. Consumer shopping value and consumer satisfaction research streams in particular, have witnessed significant developments in the last decade. As these three research streams progressed,
however, parallels between the three areas have not been investigated. A very considerable element that has been ignored in this developing research stream is the effect of consumer shopping value on consumer satisfaction and loyalty at the brand level. The objective of the present study is to empirically examine the relationships among utilitarian and hedonic values, consumer satisfaction and the resultant behavioral intentions (i.e., consumer loyalty, word of mouth communication and consumer’s intention to switch). It is also endeavoured to find the moderating effect of certain socio-demographic factors (gender, age and income) as well as product category on the above relationships.

The uniqueness of the study also lies in the fact that the relationships as well as moderating effects were examined in the context of private label branded products (PLBs). It is also worth mentioning that consumer shopping values have been extensively studied, but primarily within the uni-cultural American context. Not much is known about the way in which such values are derived by consumers shopping in different and, particularly, less-developed retail environments (Griffin, Babin, and Modianos 2000). In contrast, the present study has been concerned with the situation where the retail store and the brand were the same.

Towards this end, six main hypotheses and four moderating hypotheses were developed to test various aspects of the conceptual model. The methodological tool used was two different methods of Structural Equation Modeling (SEM) and Multi-group SEM. The respondents were 500 consumers of the selected PLB retailers in two prominent metropolitan cities of India, NCR region (North India) and Chennai (South India).

The empirical findings have supported the conceptual model. The study answered some of the gaps found in the literature and opened up some new areas for future research.

**Keywords:** Utilitarian and Hedonic value, Consumer Satisfaction, Consumer Loyalty, Word-of-mouth Communication, Intention to Switch, Structural Equation Modeling.