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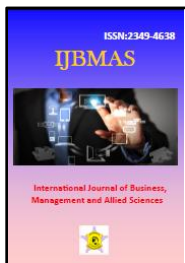
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**THE FACTORS INFLUENCING CUSTOMER SATISFACTION  
TOWARDS PRIVATE LABEL BRANDS IN RETAILING**

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**ABSTRACT**

In this research paper the impact of factors like price consciousness, attitude towards private brand on customers' satisfaction toward private brands is explained by empirical verification. It is found from this study there is lot of potential for private label products because customers believe that private brands and manufacturer brands are almost similar. The findings of this study help organized retail stores to know the importance of private brands.

**KEYWORDS:** Private brand, private label, satisfaction, attitude, price consciousness, quality

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**1. INTRODUCTION**

The organized retailers are keeping private brands along with national and global brands in the stores. The customers are spending time and reading product related information before making purchase decision. The organized retailers have been using relationship cards and latest enterprise resource planning (ERP) software for managing customer relations. The private brands are giving competition to national and international brands in organized retail stores. For example companies like Max and Reliance Trends and Reliance Fresh are maintain private brands or store brands in their showrooms along with branded products.

The companies are able to attract large pool of customers by giving discounts, offers and other coupons by customized advertising to potential customers. The retailers are giving redeem points for their purchase through relationship cards. The terms 'private label', 'private brands' and 'store brands' are used interchangeably throughout this research paper. Organized retailers are maintaining private brands in all product categories. The products which are manufactured and given branded by organized retailers based on their store name or company name can be referred as private brands. Private label brands, also known as store brands, are brands owned by the distributor and sold in exclusive store (Wu, Yeh, & Hsiao, 2011). In this paper the influencing customers satisfaction while selecting private label brands are explained in this paper.

**2. RESEARCH OBJECTIVES**

1. To explain about private label brands or store brands.
2. The impact of price consciousness, private label brands, on customer satisfaction towards private brands in retailing stores.

### 3. LITERATURE REVIEW

The repeated visit of customers is the motivating factor for maintaining private brands in stores. The private label image is similar to national brands and quality of product is same as national brand (Vahie & Paswan, 2006). The atmospherics and store quality positively influence customers to opt for private label brands. The products labels create positive purchase intention with specific regard to organic food products and customers are willing to pay more for such products (Bauer, Heinrich, & Schafer, 2013).

The effective positioning of private label products in retail grocery sector plays a vital role in success of products (Beneke, 2010). Private label brands, also known as store brands, refer to those brands that owned by, and sold through, a specific chain of stores. Approximately 19 percent of the total brands are private label brands shows that there is potential demand for private label products. In recent years retailers have identified the advantages of private or store label brands.

Private brands, also labeled as store brands or private labels are brands developed by retailers. In contrast, national brands are brands developed by manufacturers (Bao, Bao, & Sheng, 2011). The store image and product signatureness creates positive quality perception on private label products. The retailers take the responsibility of promoting private brands in various methods. The value of product is communicated to the prospective customers through advertisements and announcements in the stores.

The value of private labels is communicated to consumers by developing and communicating product characteristics (Kwon, Lee, & Kwon, 2008). There is also an association between perceived product involvement and intention to buy private brands. The price of the product influences to compare national brands and private brands and consumers seek to get right value for their money. Lamley et al (2007) had explained that market of private labels declines when economy suffers and expands economy flourishes. By 2020 the private label brands are expected to grow up to 30 (Lamley, Deleersnyder, Dekimpe, & Steenkamp, 2007)

Customers are satisfied when store is neat and pleasant and they treat store as a brand and it leads interest in store brands by some segments of customers (Martenson, 2007). Some of the powerful brands in the modern world are retail brands. Organizations are investing for building brand image to retail brands or private brands. The brand equity of retail brands also helps the organizations to give competition to national or manufacturer brands. According to DelVecchio (2001) private brands pose threats to national label competitors.

The retailers can gain bargaining power with manufactures if they own private label brands and stores have loyal customers (Batra & Sinha, 2000). The customers can also get price advantage when private labels exist along with national brands. According to Wulf et al (2005) in spite of private label products still national brands posses powerful brand image and they enjoy a favorable level of brand equity.

### 4. RESEARCH METHODOLOGY

A structured questionnaire had been used for collecting primary data and secondary data is collected from books, journals and electronic sources. Mall intercept method was used for data collection. SPSS version 20.0 had been used for data analysis. The hypotheses were formulated based on the objective and literature review. The sample size of the study is 120 and statistical tools like descriptive statistics, correlation analysis and regression analysis were implemented analyzing the data. The items for each of the construct in Table 1 were adopted from published scales. The items were modified according to the need of this study.

**Table 1: Constructs and items in measurement scale**

Construct	Items	Source	Crobach's Alpha
1. Price consciousness (PC)	<ul style="list-style-type: none"> <li>• I buy as much as possible at special sale prices.</li> <li>• The lower price products are usually my choice</li> <li>• I look carefully to find the best value for my money.</li> </ul>	(Lysonski & Durvasula, 2013)	0.95
2. Private Brand Attitude (PB)	<ul style="list-style-type: none"> <li>• Private brands are of high quality</li> <li>• In all product categories private brands are superior to national or global brands.</li> <li>• Private brand product are high - grade products</li> </ul>	(DelVecchio, 2001)	0.94
3. Variation (VA)	<ul style="list-style-type: none"> <li>• Both national and private brands are basically the same in quality.</li> <li>• Only minor variation exists between branded and private branded products.</li> <li>• All branded products are almost similar to private brands.</li> </ul>	(Batra & Sinha, 2000)	0.89
4. Satisfaction (SA)	<ul style="list-style-type: none"> <li>• I am satisfied with most of the "private label brands".</li> <li>• Private brand products are reliable.</li> </ul>	(Vahie & Paswan, 2006)	0.86

(Source: Developed by researcher)

## 5. DATA ANALYSIS

Out of total respondents 62 percent are male and 38 percent are female. Most of the respondents are private employees and only 8 percent are students. The majority of the respondents belong to '28 to 38 Years' age group. According to Table 2 the mean value for the construct satisfaction (SA) is 4.23 with standard deviation (SD) of 0.56 shows that customers are satisfied with private label brands in organized retail stores. The variation (VA) has low mean value compared to other factors with standard deviation of 0.58 shows that customers believe that there is difference between private brands and manufacturer brand in organized retail store.

	N	Mean	Std. Deviation
VA	120	3.3944	0.581
PB	120	4.0222	0.729
PC	120	4.0889	0.703
SA	120	4.2375	0.561
Valid N (listwise)	120		

(Source: Output of SPSS)

**H1:** The price consciousness (PC) of consumers has an impact on their satisfaction (SA) towards private brands. It is evident from Table 3 that there is no association between price consciousness (PC) and satisfaction (SA) because 'p' value is more than 0.05. Hence H1 is rejected based value in Table 3.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.632	0.462		7.856	0.000
	PC	0.041	0.075	0.052	0.556	0.579
	PB	0.108	0.072	0.141	1.510	0.134

a. Dependent Variable: SA

(Source: Output of SPSS)

**H2:** The consumers private brand attitude (PB) positively influences satisfaction (SA) towards private brands. From Table 3 it is found that 'p' value for private brand attitude (PB) does not have an impact on satisfaction. Hence H2 is rejected based on values in Table 3.

**H3:** There is relationship between private brand attitude (PB) and variation (VA) regarding private brands. From Table 4 it is observed that there is negative correlation exists between variation (VA) and private brand attitude (PB) of consumers. Hence H3 is also rejected.

		PB	VA
PB	Pearson Correlation	1	-0.096
	Sig. (2-tailed)		0.298
	N	120	120
VA	Pearson Correlation	-.096	1
	Sig. (2-tailed)	.298	
	N	120	120

(Source: Output of SPSS)

## 6. CONCLUSION

The customers' satisfaction towards private brands is not influenced by attitude of consumers towards private brands and price. It is found that customers are having positive brand image towards private labels. The customers agree that there is variation between private brands and manufacturer brands. The organized retailers or distributors can gain advantage by possessing private brands. The customer at the end of the day gets benefitted due to competition between private brands and manufacturer brands. The store image plays a vital role in developing private brand and private brand equity. There is a lot of scope for private label products with growth of organized retail stores in future.

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