



THE EFFECT OF PRICE ON PRIVATE LABEL BRAND IMAGE AND PURCHASE INTENTION

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Abstract

Image is the outcome of the consumer interpretation of the brand. Brand as complex and their identity is often regarded by consumers as incorporating human like characteristics. It is important to understand that when a brand image is developed through communications and experience. Price is one of the important elements of marketing which agrees separate brand identity of the product. So to use power of distribution of product retailers indulge themselves competing with national brand. So they widely come up with new breed of private label brands and take the advantage of price war. The aim of the paper is to find out the effect of different pricing strategies on the brand image and purchase intention of private label brands.

Key words: Brand image, Private label National brand, Price war

Introduction

India is the finest destination for global retailers with more than 12 million retail units in the country. Though the Indian retail market command by unorganised traders, its vast potential attracts organised national and international retail in a huge war. Organised retail in India is set to grow from the present 8% of the total Indian retail to 20% by 2020. With the growth of organised retail in India, store brands are also expected to grow as observed in other development market internationally. The growth potential of store brands in India is huge (Mochavolu and Raju, 2012). As the world suffers of recession the consumers are more price sensitive. The major part of their buy decisions are controlled by the price of the merchandise. So this factor forces the retailers to create its own brand.

Objective of the Study

- To study the different pricing strategies affect the purchase behaviour of the purchase intention of the private label brand.
- To find out the private labels pricing effect on the brand image.

Concept of Private Label Brand

The private label marketing association defines store brand products as all merchandise sold under a retail stores private label. The label can be the store's own name or created exclusive by that store. (Pradhan, 2008) Private label brands are available in a multiple formats. There are three varieties of private label brands. The first being representative brand which is a private label brand that through its name and packages announces. The second being an exclusive private label brand which is owned and produced by the retailer. The last being is confined labels. There are brands that are not owned by retailers but found exclusively by the store. (Bereke, 2009) the intensive development of private label brands due to the advantages they provide to retailers themselves, as well as to manufacturers and consumers. (Bozhinova, 2013).

Consumer Decision Making Process

(Gala and Patil, 2013) defines consumers go through six stage decision making process in any purchase. While the first stage is need recognition where need motivates a person to go for the purchase. Here the consumer is aroused with a need previous experience. Followed by information search is done. This captures the strong place in the mind of the customer. Then evaluation of alternative is done. Where the customers utilise his view about a brand. Then actual purchase is done followed by worst purchase behaviour.

Brand Image

A good brand add values to the business, consumers are prepared to pay significantly more for their product related to cost. The premium price generates extra profit for the suppliers. The value of brand can be roughly estimated as the difference between the market value of the company and the underline value of the asset. (Nowmans and cullen, 2002) Goods carries an own label can't be directly compared with price or attitudes in other retail outlets. The result is that own label offers greater price flexibility and does not need to be reprised as often as some other lines. (Gilbert, 2009).

Pricing of Private Label Brand

The basic reason for creating private label is identified; the retailers need to understand the customer segment, which is to be trapped. This enhances further understanding of the target profile of the customer and also helps the retailers address issue



with respect to the sensitivity of price of the targeted audience, the level of the experiments within the segment and the level of brand loyalty. Private label merchandise that is acquired from outside manufactures may cost less than these companies regular merchandise because there is no expenditure built into the price. Nationally branded merchandise prices are based on number of factors, one of which is cost to advertise. Because the brand is not being advertised. (Diamond and Pintel, 2008)

Purchase Intention

The present paper aims to contribute to fill this gap in the literature by analyzing the variables influencing store brands' purchasing likelihood and the differences between store brands with and without a manufacturer identification. Our findings indicate that the presence of the manufacturer signature or identification on the store brand is not a determinant variable in the formation of store brand loyalty and purchase intention; consequently, these outcomes show a similar formation pattern for both types of store brand analyzed. That is, store brands with a manufacturer signature and store brands without one have similar sources in the formation of loyalty and purchase intention. (Porral et.al, 2016).

Price discounts, internal reference price, and brand's perceived quality exerted significant influence on perceived value. Perceived value and store image, in turn, positively influenced purchased intentions. High knowledge respondents are more influenced by brand name, while low knowledge respondents are more influenced by price discounts. Low knowledge consumers are also swayed by store name and brand name. (Grewal et. al, 1998).

Conclusion

Price is a psychological element of human being customers positioned the product according to the price. It is not allowed right that private label products are the cheaper alternative of a natural based. Now the Morden retailers follow premium quality and price strategy for various private label brands. Normally customers are price conscious in case if low involvement products like grocery, food etc. but they are not price sensitive in case of high involvement products like apparels, durables, furniture etc. apart from quality the retailers should provide value based products and services to the customer.

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