Changing Face of Food Private Label and Category Management: The Significance of Customer Satisfaction and Loyalty.

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Abstract
Category management is a relevant process which drives the relationship between manufacturer and retailer. In the prevailing retail scenario where small and big player are striving to compose a differentiation uniquely associated with store image and store brand, category management is bonding grid. Category management is an effective way to utilize market data to help increase the sales. The purpose of this paper is to determine how category management in food private label can help in building store loyalty. A survey of shoppers measured attitudes toward individual stores' images and store brand perceptions, a regression analysis demonstrates a positive relationship between consumers' perceptions of individual store own brands and their associated store's image dimensions and attitudes toward store brands in general. The results of this study suggest that category management enhance customer satisfaction by focusing more on product availability, presentation and customer service rather than the price.

Key words: Category Management, Store Brand, Food Private Label, Customer Satisfaction and Store Loyalty.

Introduction
Category management is about consolidation and restructuring of the products available in the store. The Nielsen Co. has labeled it a process that involves managing product categories as business units and customizing them (on a store-by-store basis) to satisfy customer needs. The grocery industry, where the practice of category management began, originally defined it as the strategic management of product groups through trade partnerships that aims to maximize sales and profit by satisfying consumer and shopper needs. More recently, category management at its core has become a discipline that allows retailers to manage merchandise productivity through sales analytics. "Across retail channels and formats, category management is being used for more than simple management of shelf productivity. In today's retail scenario category management is responsible for driving store differentiation, shopping experience and store growth through higher-value trips and shoppers. Private brands which were only a small part of retailer merchandise have now occupied a significant pie of the shelf space. Food category exhibited a positive image of a brand differentiation in the customers mind and in turn enhancing the brand equity. Both in ready-to-eat categories which include, (biscuits snacks, juices etc.) and ready-to-cook categories (Atta, edible oil, noodles oats) has focused on factors that enhances the private label image.

Category management leading practices
Category Management is the core of the major trends transforming the entire retail management. Therefore, growing your brands requires that you master Category Management. This require both on and off floor activity information. Category management has benefitted the consumers through improved assortment, lower prices, reduced out of stocks and the ease of shopping. Sales is often the only indicator Indian retailers use to measure their
performance and identify where to improve, whether that means allocating more space to a category, maintaining availability, or refocusing managers on a specific product. For Indian retailer's strategic category management is key to reducing costs, increasing sales and improving profit margins all while keeping customers happy. The current trend followed in the category management is as follows.

**Practice 1 - Growing retailer power:** The retailer thinks and works at the category level. There are four key categories that dictates what products to offer customers and the best formats:

- **Destination:** Products that draws in customers and drive perception.
- **Preferred:** Products that moves profits and the bulk of sales.
- **Occasional:** Products those are needed, but not everyday.
- **Convenience:** Impulse purchase and added on sales.

Understanding these different categories and the roles they play allow category managers to make more tactical decisions about assortment, pricing, placement and promotions to propel store traffic and profitability.

For example, Destination products such as Atta, Breakfast cereals, noodles etc., in a super market are central to a stores success and traffic and therefore must have a complete assortment across all price points. The product pricing should be better than the competition in main areas, self-funded promotions should be used. Category Management is the foundation for category mastery.

**Practice 2 - The growing importance of marketing to the shopper**

Retailers develop their category management by taking into account consumers' wants and needs. Category management as a part of strategic marketing plans, provide a better focus for consumers and differentiate the retailer from its rivals. Retailers are the same as one another in their merchandise resources, colors, styles, assortments, and also usually prices and presentations. Just as the retail 'buyer' thinks in terms of categories, the shopper thinks in terms of need satisfaction. She thinks in 'need states'. That's why shoppers often write "detergent", "bleach" or "bread" on a shopping list instead of "Tide", "Clorox", or "Wonder". The category is the answer to the shopper's need. Therefore, to win with the shopper you must think category need satisfaction first. You must organize your thinking around categories and the particular evolving needs they satisfy.

**Practice 3 - Big Data and insight generation**

Marketers are drowning in an ever rising tsunami of data. No one can yet contain this torrent into pools of relevant data so that researchers may plumb the pool for actionable insights. Our answer is to organize the data around that which one is trying to understand, namely the shopper need state we refer to as the 'category'. Organizing big data around categories (need states) is basic to uncovering the following:

- Unmet needs, which are the basis for new product development
- The emotional factors driving a need (insight)
- The benefits that marketers need to offer
- The location of key communication touch points

Once you understand the factors driving attitudes, marketers can begin to influence behaviors through product or positioning breakthroughs or new communications approaches.

**Private label and category management**

In the last few years a number of studies have investigated the factors that lead to successful store brands. For example, Hoch and Banerji (1993) analyzed across-category differences in private label market share. They localized the drivers of store brand performance with the three parties that make up the retail channel: consumers, retailers and manufacturers. Raju, Sethuramen, and Dhar (1995)
studied the factors that influence the retailer's decision to introduce a store brand into a category. They showed that:

(1) Store brands are more likely to be introduced into categories where price competition between the national brands is low (because margins will tend to be higher); and

(2) The number of national brands is high (which implies that introducing a store brand will have less impact on margins).

Private label products are seizing an increasing share of global retail sales on the back of both supermarket consolidation and an improved image. A private-label is a brand that a retailer generally manufactures or purchases from a third party manufacturer. In some cases, the retailer manufactures product as its own. Private label brands in India were almost insignificant till early 2000. With the passage of time and consolidation of retail sector, the private label brand is demanded by households due to various benefits. Retailers are therefore indulging in creation of new private label brands in order to compete with national and international brands of repute. Initially the private label was only available in the commodity or non-branded product range which included spices, grams, wheat flour, masalas, papads and other eatables. Now the private label brands have grown up and are available in high technology electronic gadgets like juicer, mixer, mobiles, TVs, water purifier and such.

In a country like India, Private label helps customers to purchase good quality brand at a lower price and at a same time provides an assurance of quality and adequate performance. The loyalty with store has a positive association with private label brands. With increasing convenience, various retail formats are becoming prominent touch points for millions of Indian retail consumers. Taking hint from global retailers, Indian retailers are also looking for newer ways to increase their profit margins by introducing in-house brands and also developing niche strategies for promotion of these private label brands.

Literature review

Types of Brands

National or Manufacturer Brand

National brands are those product/service names that are promoted nationally, a brand that is marketed throughout a national market. It contrasts with regional and local brands. It usually is advertised and owned by a manufacturer.

Private Label Brand

As per the American Marketing Association, there are two ways of defining a private label brand. The first defines it as "a brand that is owned by the product's reseller rather than by its manufacturer. In rare instances, the reseller may be the manufacturer as well". The second form of definition is "a brand name or label name attached to or used in the marketing of a product other than by the product manufacturers, usually by a retailer."

Generic Brand

Generic brand is defined as "a product identifying the title for which there is no individual brand."

Private Label Brands: An Overview

Private labels were first introduced over 100 years ago in a few product categories like tea, and are now available in over 60% of all grocery products (Fitzell, 1982). According to the Food Marketing Institute of US, the percentage of grocery shoppers buying private labels increased from 37% in 1990 to 44% in 1991 (Holton, 1992). In certain categories, consumers are giving less importance to brand names (Morgenson, 1991). Kumar and Steenkamp (2007) report that private labels account for one of every five items sold every day in the US supermarkets and drug stores. The share of privatelabels in Europe is larger than the US markets with 40% of all grocery sales (Steenkamp and Dekimpe, 1997). Selling private label brands has the advantage of offering high gross margin in the range of 25%-50%, higher compared to the manufacturer brands (Keller, 1993). Corstjens and
Lal (2000), citing a report by Kurt and Salmon Associates, state that the store brands are on the threshold of an unprecedented surge of growth throughout all the retailing formats.

**Private Label - Indian Scenario**

The Indian retail scenario is undergoing a vast change with the entry of new players into the market each day. Leading retailers like Future Group, Reliance Retail, Aditya Birla Retail, etc. are betting big on private label brands across food and non-food items. According to the National Council of Applied Economic Research data for the year 2005, food constituted 49% of total expenses for Indian consumers. To tap this vast consumer spending, retail players are introducing private label brands in these categories that offer a better margin. Future Group, India’s leading retailer, has the following brands in its private brand portfolio-Tasty Treat as private label in the category of food, snacks, etc.; Premium Harvest in the category of pulses and rice; and Fresh and Pure in the category of food and staples. Private label brands of Future Group contribute around 25% to the overall revenue generated from FMCG business. Similarly, Reliance Retail has also launched various private label brands in its stores. Brands like Reliance Select, Reliance Value, Healthy Life, Good Life, and Dairy Pure contribute over 25% of the total food sales. Another retailer, More, the retail arm of Aditya Birla Group, offers more than 300 private label SKUs in the store shelves. The portfolio includes brands like Feasters noodles, Fresh-O-Dent toothbrushes, etc.

**Factors Moderating Sales of Private Label Brands**

The sales of private label brands have been highly uneven in different product categories (Hoch and Banerji, 1993). According to a research report submitted in the 1990 by GallupUS, 85% of the consumers felt that quality is a very important determinant in their decision to purchase private label products, whereas 73% rated price as very important when it came to repeat purchase of private label brands in a retail store. The private label quality can be denoted in two dimensions. The first dimension is the mean level of quality, relative to that of national brands, which depends on the technology used in manufacturing. The second dimension is the variability in the quality of private label brands, which again depends on having reliable and low defect manufacturing (Hoch and Banerji, 1993). For the first dimension, if the technology is inexpensive, private label brands can easily compete with the national brands, whereas if the technology is highly expensive and requires high processing sophistication, manufacturers only can compete through their dedicated expensive investments in technology. The second dimension of quality variability of private label brands depends on the ability of the retailer to offer private label products at the same level of quality in every batch of production. Hence, Hoch and Banerji (1993) concluded that private label brand shares are likely to be higher in product categories, where there is a chance of higher relative quality in national brand and lower variability in private label brands. Richardson et al. (1996) studied the consumer characteristics that lead to purchase of private label brands: demographic factors like income, family size, age and education; individual consumer characteristics like reliance on extrinsic cues and tolerance of ambiguity in the products; and finally consumers’ perception of particular product categories, which includes the customers’ knowledge of product category. Sethuraman and Cole (1999) undertook a study on the category level variations of the above discussed dimensions, as the study done by Richardson et al. (1996) lacked the category level variations in these factors. They studied the category level variables like quality perception of private label brands, average price, purchase frequency and degree of consumption pleasure. Their study also included different perceptual variables like belief of price-quality relationship, familiarity with private label brands, etc. But Sethuraman and Cole (1997) did not study the perception of degree of perceived risk at category level.
Price Consciousness and Private Label

Price consciousness is defined as "the degree to which the consumer focuses exclusively on paying low prices" (Lichtenstein et al., 1993, p. 235). The price consciousness is an influencing factor in private label brand purchases (Burger and Schott, 1972). Gabor and Granger (1979) showed a relationship between price consciousness and income. The consumer's level of price consciousness rises with lower income and is higher for deal-prone consumers (Babakus et al., 1985). Narasimhan and Wilcox (1998) postulated that consumers prefer national brands to private label brands when the level of perceived risk in buying the private label brand in that category is high. One of the determinants of risk is the degree of inconvenience in making a mistake (Dunn et al., 1986; and Narasimhan and Wilcox, 1998). Batra and Sinha (2000) studied the role of 'search' and 'experience' attributes increasing the risk perception in a particular product category. The hedonic attributes like taste, aroma, color and texture come under 'experience' qualities of a product (Nelson, 1974), whereas, 'search' qualities are the qualities of a product that can be verified by direct inspection before purchase. Erdem and Swait (1998) argued that in the categories of product where 'experience' qualities are predominant, the brand equity reduces the perceived risk associated with the purchase.

Quality Aspects of Private Label Brands

Hoch and Banerji (1993) found evidence to support their claim that the perceived quality is more important than the level of price discount for the purchase decision of consumers. At equal prices, consumers preferred national brand to a private label brand (Narasimhan and Wilcox, 1998). This proves the perceived quality difference between a national brand and the private label brand, and the role of image-building advertising support. The competitiveness of a private label brand depends on the ability to offer an acceptable level of quality at a price lower than that of national brands. To compete with the national brands, retailers should focus on the quality of the private label brands rather than price. Corstjens and Lal (2000) divided retail consumers into two segments. First is represented by 'quality' segment, where the customers are greatly benefitted from the perceived quality, and the second segment is the low price segment. They proposed that by projecting store brand in the quality-conscious segment, a retailer can avoid brandswitching by consumers. Bellizzi et al. (1981) initially studied the perception of quality of private label brands and compared it with the perception of national brands, private label brands, and generic brands. The result showed that the private label brands were consistently rated lower than the national brands in the functions related to quality, appearance and attractiveness. On similar lines, Omar (1994) did a blind test on 'taste' quality and found that the consumers did not perceive any difference among the private label and national brands, but revealed that 'taste' test indicated a superior rating to national brands. Theory Building on Private Label Brands: A Literature Review of such tests indicate a poor quality perception among consumers for private label brands. Cue utilization theory supports the use of sample to enhance the perceived quality (Sprott and Shimp, 2004). When customers use the free sample, it enables them to evaluate the product based on the intrinsic cues. Intrinsic cues are the product attributes, which when changed will result in change in the composition of the product itself. Extrinsic cues are the product attributes that can be changed without affecting the composition of the product like price, brand name, etc. But Richardson and Dick (1994) found that consumers' evaluation of store brand is driven by extrinsic cues that are displayed by the brands than the intrinsic cues. Another way to improve the perceived quality of private label brands is by increasing the advertising budget. It is found that consumers' perception of quality is directly affected by consumers' perception of brand's advertising expenditure (Kirmani and Wright, 1989; and Kirmani, 1990). Narasimhan and Wilcox (1998) stated that private labels not supported by advertising can be supported
by in-store merchandising by there tailers. In-store merchandising offers extrinsic cues to the consumers in their purchase decisions.

'Category' Aspects of Private Label Brands

A common feeling among marketers is that when private labels are introduced in commodities like products with very few tangible differences among the competing brands, and there is a possibility of price-based brand switching, they capture higher market share in that category. (Stern, 1966). Raju et al. (1995) highlighted the importance of distinguishing two types of competition—price competition among the national brands and the price competition between private label brands and national brands. They found that when the price competition between national brands is high, a retailer is better off not introducing a store brand in that category of product. When the cross price sensitivity between national brand and store brands is high and cross-price sensitivity amongst national brands is low, the store brands can gain more share. They have also identified that private labels, when introduced in a category with more national brands, leads to an increase in category profit.

Need for the study

Retailers are enhancing private labels in all categories. From the previous research studies, the major factors that determine private label purchase include price, quality and quality perceptions, product familiarity, value consciousness, store image and other store factors like in store promotions, shelf space allocation and visual merchandising. But this can vary depending on the categories. When we consider categories like breakfast cereals and snacks consumer preference can be influenced by multiple factors. For studying these factors we need to have a reliable and consistent questionnaire which can help us to look into these factors. This study also helps us to understand the consumer preference for private labels in food categories.

Objective of the study

In view of changing food and eating habits, the private label brands in food category is gaining acceptance,

1. To analyse the linkage between category management and loyalty towards the store brands.

2. To evaluate the factors of Category management that predicts store loyalty for food private label brands.

Hypothesis Testing

The hypothesis for the study is.

H0: There is no significant relationship between category management and store loyalty.

Ha: There is significant relationship between category management and store loyalty.

The study builds on and extends the existing literature on store brand and store loyalty. Corstjens and Lal (2000) argue that store brands can induce store loyalty only if the quality is high enough, so that the store brands can satisfy a significant portion of consumers trying the brand, thus serving as a "pull" device for the store. Cheap store brands that do not serve to differentiate the store will reinforce price competition among stores. Practitioners also suggest that greater store brand quality will lead to greater store loyalty and retailers continue to increase their offering of premium store brands (Deloitte 2010). An opposing viewpoint is that premium store brands are closer in quality and price to national brands. Hence unlike store brand loyalty to regular store brands, which may be driven by price sensitivity, premium store brand loyalty is less driven by price. If lower price drives the link between store brand loyalty and store loyalty, we would see a weaker (less positive) link between premium store brand loyalty and store loyalty. Thus, quality of store brands can accentuate or mitigate the effect of store brand loyalty on store loyalty. To answer this question, Category management in food private label has benefitted the consumers through improved assortment, lower
prices, reduced out of stocks and the ease of shopping. Thus a need was felt to assess the relationship between category management and store loyalty. Which has resulted in H0.

Ha: There is significant relationship between Category management and store loyalty.

Cunningham (1961) first observed that households with high store loyalty are more loyal to store brands than those with low store loyalty. Richardson et al. (1996) discuss a framework for store brand proneness and use a cross-sectional survey to empirically test the role of several factors such as store brand familiarity, quality uncertainty, risk aversion and perceived value on store brand proneness. They argue about the role of store brand exclusivity in driving store loyalty, but do not test the hypothesis. Sudhir and Talukdar (2004) show empirical support for the store differentiation role of store brands based on an estimated positive linear relationship between store brand loyalty and store loyalty. To answer this question, we need to test the moderating effect of store brand as a category to serve as a store differentiator to build store loyalty is the primary focus of this paper.

**Suggested model for the study.**

![The loyalty loop connecting the category management and Store loyalty.](image)

**Methodology**

The study was conducted among shoppers of big bazar, More and Reliance mart at Cochin (13 outlets). In Cochin the survey was conducted partly in households and retail outlet located at MG Road. The study need to be conducted both in store and households to understand the consumer dynamics of private label preference. The reason is that consumer choices can change instantly based on the best offer and product available in retail outlets. More over in ready to cook and ready to eat are categories in which consumer's preference and perception can differ a lot especially when they do shopping at retail outlets.

**Data Collection:** The data collection was done using structured questionnaire which has 39 items which measured different factors that determine private label purchase in breakfast cereals and snacks.

**Sample size:** The total sample size of pilot study is 100 respondents.

**Sampling Units:** Individual Consumers are the sampling units.

**Sampling Method:** The sampling method employed is random sampling method.

This study is totally a survey based. The Consumers are in the age group of 20 to 50 years. The structured questionnaire was distributed to 100 respondents at More, Reliance and Big Bazaar (13 outlets) in Cochin city. The data was analysed using percentages, correlation and regression analysis. The literature reviews are done on the secondary information available in well-known article and publishers and internet.

**Test of Hypothesis**

Correlation between Category management and store loyalty

The hypothesis to test the correlation is as follows.

**H0 :** There is no significant relationship between Category management and Store loyalty.
Ha: There is significant relationship between Category management and Store loyalty.

Table showing Correlation between Category management and store loyalty

<table>
<thead>
<tr>
<th>Category management</th>
<th>Store loyalty</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product assortment</td>
<td>0.466**</td>
<td>0.001</td>
</tr>
<tr>
<td>Product Availability</td>
<td>0.863**</td>
<td>0.000</td>
</tr>
<tr>
<td>Product Pricing</td>
<td>0.892**</td>
<td>0.000</td>
</tr>
<tr>
<td>Product presentation</td>
<td>0.871**</td>
<td>0.000</td>
</tr>
<tr>
<td>Product promotion</td>
<td>0.802**</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer service</td>
<td>0.870**</td>
<td>0.000</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>0.886**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

The above Table shows the correlation between Category management and store loyalty. The correlation r = 0.884 is significant at 0.01 level. This means that there is 88.4% relationship between Category management and store loyalty.

From the above analysis it can be inferred that the null hypothesis is rejected and the alternate hypothesis is accepted.

To have a deeper understanding of the behaviour of Category management factors which are seven in number, their relationship (correlation) and impact (regression) on Store loyalty is analysed in the following paragraphs

Correlation between Category management factors and store loyalty

** Correlation is significant at the 0.01 level (2-tailed)

The above table shows the correlation (r - value) between category management factors and store loyalty at 0.01 level significance. Product pricing has the strongest relationship with Store loyalty (89.2%) followed by Purchase intention (88.6%), Product presentation (87.1%), Customer service (87%), Product availability (86.3%) and Product promotion (80.2%). Product assortment has a weak relationship with store loyalty (46.6%).

Regression analysis:

Table showing regression between Category management factors and store loyalty.

Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R square</th>
<th>Standard error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.884</td>
<td>0.721</td>
<td>0.817</td>
<td>2.37580</td>
</tr>
</tbody>
</table>

Predictor: (constant), Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing.

Dependent variable: Store loyalty

The above table shows that all the seven factors of Category management had an impact on store loyalty. The correlation value of 0.884 indicates the strength of the relationship between category management factors and store loyalty. The R2 value of 0.721 indicates that 72.1% of the changes in Store loyalty are due to all the factors of Category management.

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised coefficient</th>
<th>Standard error</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.283</td>
<td>4.880</td>
<td>.673</td>
<td>.505</td>
</tr>
<tr>
<td></td>
<td>Product assortment</td>
<td>.195</td>
<td>.098</td>
<td>.162</td>
<td>1.992.053</td>
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<tr>
<td></td>
<td>Product Availability</td>
<td>-.631</td>
<td>.422</td>
<td>-.511</td>
<td>-1.496.142</td>
</tr>
<tr>
<td></td>
<td>Product Pricing</td>
<td>1.595</td>
<td>.605</td>
<td>1.198</td>
<td>2.637.012</td>
</tr>
<tr>
<td></td>
<td>Product presentation</td>
<td>.367</td>
<td>.307</td>
<td>.231</td>
<td>1.196.239</td>
</tr>
<tr>
<td></td>
<td>Product promotion</td>
<td>-.495</td>
<td>.353</td>
<td>-.352</td>
<td>-1.403.168</td>
</tr>
<tr>
<td></td>
<td>Customer service</td>
<td>-.047</td>
<td>.397</td>
<td>-.040</td>
<td>-.118.907</td>
</tr>
<tr>
<td></td>
<td>Purchase intention</td>
<td>.419</td>
<td>.463</td>
<td>.286</td>
<td>.906.370</td>
</tr>
</tbody>
</table>
Dependent variable: Store loyalty

The above table shows that among the factors of category management, Product pricing alone had an impact on Store loyalty. The impact of Product pricing on Store loyalty is supported by the t-value (2.637) in the above Table.

The regression equation based on the above table is

\[ Y = a + bX \]

Career Satisfaction = 3.283 + 0.1595 Product pricing.

According to the regression equation, Product pricing influences Store loyalty to the extent of 1159.5%.

<table>
<thead>
<tr>
<th>ANOVA</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Model</td>
<td>Sum of</td>
<td>df</td>
<td>Mean</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Squares</td>
<td></td>
<td>Square</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Regres</td>
<td>1270.955</td>
<td>7</td>
<td>181.565</td>
</tr>
<tr>
<td></td>
<td>sion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>237.065</td>
<td>42</td>
<td>5.644</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1508.020</td>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing

The above Table shows that the ANOVA test supports the impact of Product pricing on Store loyalty (F = 32.167, p<0.05).

Major finding:

- Product pricing alone had an impact on Store loyalty.
- Discount is the most influencing factor for the purchase of private label in food category, followed by quality of and the previous experience.
- There is 88.4 relationship between Category Management and Store loyalty.
- Product pricing is the factor of category management that predicts store loyalty in all the three stores.

Conclusion

Store brands are widely acknowledged as effective tools for retailers to increase profit margins and gain bargaining power with respect to manufacturers. Another rationale for retailers to invest in store brands is that store brands aid to create a point of differentiation and store loyalty (Richardson et al. 1996; Corstjens and Lal 2000). In this study the relationship between category management and store loyalty with regards to food private label brands. By testing the store brand, and store loyalty relationship, a robust positive relationship between store brand and store loyalty using data from multiple retailers and multiple sources, and providing controls for a variety of potentially spurious correlations. In the second test it is marked that the Product pricing has the strongest relationship with store loyalty (89.2%) followed by Purchase intention (88.6%), Product presentation (87.1%), Customer service (87%), Product availability (86.3%) and Product promotion (80.2%). Product assortment has a weak relationship with store loyalty (46.6%). The results also sets emphasis on the Category management factors and store loyalty all the seven factors of Category management (Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing) had an impact on store loyalty. The correlation value of 0.884 indicates the strength of the relationship between Category management factors and store loyalty. The R2 value of 0.721 indicates that 72.1% of the changes in Store loyalty are due to all the factors of Category management. We also demonstrate empirically that with our conceptually the factors influencing the purchase of food private label category, attributes to enhance the acceptance of private label brands. Customers have liking towards food private label products and they have intension to buy when private label are placed along with national brands, but it is necessary that the retailer should consistently provide value to the customer on the factor they regard high. This could enable the retailer to enjoy the benefit of customer satisfaction and store loyalty.
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