

Price To Perception: Unveiling The Drivers Of Private Label Brands In Northern India.

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ABSTRACT

The rapid growth of private label brands has intensified competition within the retail sector, necessitating a deeper understanding of consumer buying behavior. This study investigates the influence of socio-economic, demographic, and psychographic factors on consumer preference for private label brands over national brands, while also examining the mediating role of consumer perception and the effectiveness of retail marketing strategies. Addressing a gap in emerging market literature, the research provides empirical evidence from a structured survey using a five-point Likert scale. A total of 20 measurement variables were developed based on an extensive literature review and validated through reliability and factor analysis. The study employs robust statistical techniques, including exploratory factor analysis (EFA), chi-square tests, and descriptive analytics, using SPSS (version 16).

The reliability of the instrument is confirmed with Cronbach's alpha values exceeding 0.90, ensuring strong internal consistency. The findings identify price sensitivity, perceived value, income level, and brand trust as critical determinants of consumer preference for private label brands. Notably, consumer perception emerges as a significant mediator influencing purchase decisions. The study contributes to the theoretical advancement of consumer behavior literature by integrating multi-dimensional determinants within a single framework. From a managerial perspective, it offers actionable insights for retailers to strengthen private label positioning through value-driven pricing, quality enhancement, and trust-building strategies. The research holds significant implications for retail managers, marketers, and policymakers in emerging economies aiming to enhance competitiveness in an evolving retail landscape.

Keywords: Private Label Brands; Consumer Buying Behavior; Emerging Markets; Socio-Economic Factors; Consumer Perception; Retail Strategy; Exploratory Factor Analysis..

INTRODUCTION:

The global retail landscape has undergone a significant transformation over the past decade, driven by increasing competition, changing consumer preferences, and the expansion of organized retail formats. One of the most notable developments within this evolving environment is the rapid growth of private label brands, which are retailer-owned products positioned as alternatives to established national brands. Traditionally perceived as low-cost substitutes, private label brands have gradually evolved in terms of quality, packaging, and brand image, thereby gaining wider acceptance among consumers across diverse market segments.

In emerging economies, particularly in developing retail markets, the shift towards private label brands has been influenced by multiple socio-economic and behavioral factors. Rising price consciousness, increasing disposable income disparities, and heightened awareness of value-for-money propositions have significantly altered consumer buying patterns. At the same time, demographic variables such as age, education, and occupation, along with psychographic elements including lifestyle, attitudes, and perceptions, play a crucial role in shaping consumer preferences. Understanding these multidimensional influences is essential for retailers aiming to strengthen

their competitive positioning in an increasingly saturated market.

Despite the growing importance of private label brands, existing literature has largely focused on isolated determinants of consumer behavior, often overlooking the combined effect of socio-economic, demographic, and psychographic factors within a unified analytical framework. Furthermore, limited empirical research has been conducted in the context of emerging markets, where retail dynamics differ significantly from those in developed economies. This gap highlights the need for comprehensive studies that integrate multiple influencing variables to provide a holistic understanding of consumer buying behavior.

Against this backdrop, the present study seeks to examine the key factors influencing consumer preference for private label brands over national brands. Specifically, it aims to analyze the role of socio-economic, demographic, and psychographic determinants, assess consumer perceptions and attitudes, and evaluate the effectiveness of retail marketing strategies in shaping purchase decisions. By employing a quantitative research design supported by robust statistical techniques, the study endeavors to generate reliable and actionable insights.

The significance of this research lies in its dual contribution to theory and practice. Academically, it

extends the existing body of knowledge by integrating diverse behavioral determinants into a comprehensive framework. Practically, it offers valuable implications for retailers and marketers to design targeted strategies that enhance consumer trust, improve perceived value, and promote private label adoption. In doing so, the study contributes to a deeper understanding of evolving consumer behavior in the context of a dynamic and competitive retail environment.

REVIEW OF LITERATURE

Kumar and Kapoor (2021) examined the influence of socio-economic factors such as income level, education, and occupation on consumer preference towards private label brands in emerging markets. The study revealed that middle-income consumers are more inclined toward private labels due to their price sensitivity and value-for-money perception. Furthermore, higher education levels were associated with increased awareness and acceptance of private label brands. **Singh, Sharma, and Verma (2022)** analyzed the impact of socio-economic determinants on retail purchasing behavior in India. Using quantitative methods, the study found that variables such as household income, family size, and urbanization significantly influence buying decisions. The results indicated that lower and middle-income groups prefer private label brands due to affordability, while higher-income consumers focus more on brand image and perceived quality. **Jain and Verma (2023)** investigated consumer perception and socio-economic influences on private label brand adoption. The findings highlighted that income disparity and price consciousness are major drivers of private label consumption. Additionally, occupation and lifestyle patterns were found to significantly influence brand-switching behavior among consumers. **Sharma and Aggarwal (2024)** explored the relationship between socio-economic status and consumer trust in private label brands. The study concluded that consumers from lower socio-economic backgrounds are more influenced by pricing and promotional strategies, whereas higher-income groups emphasize quality and brand credibility. Trust was also identified as a mediating factor affecting purchase intention. **Patel and Desai (2025)** conducted a comprehensive study on socio-economic factors influencing consumer buying behavior in organized retail. Their findings suggested that rising inflation and changing income patterns have increased consumer reliance on private label brands. The study further emphasized that socio-economic variables, combined with effective retail marketing strategies, significantly impact consumer loyalty and repeat purchase behavior.

DATA ANALYSIS OF SOCIO-ECONOMIC FACTORS

The objective of the study is to identify the socio-economic factors influencing customer buying behavior towards private label brands over national brands. To accomplish this objective, exploratory factor analysis (EFA) and descriptive statistical techniques have been utilized to extract and interpret the underlying factors from the observed variables.

SCALE RELIABILITY ANALYSIS FOR SOCIO-ECONOMIC FACTORS

A total of 20 variables were developed based on an extensive review of existing literature to measure socio-economic influences on consumer buying behavior. To ensure the reliability and internal consistency of the measurement scale, a reliability analysis was conducted. The analysis included the computation of communalities, corrected item-total correlations, Cronbach's alpha if item deleted, as well as mean and standard deviation for each variable. The results indicate that Cronbach's alpha values ranged from 0.905 to 0.912, which exceeds the recommended threshold value of 0.70 as suggested by Nunnally and Bernstein (1978). This demonstrates a high level of internal consistency among the variables included in the study. Furthermore, the communalities values ranged between 0.740 and 0.964, indicating a strong correlation among the variables. According to Hair et al. (2010), communalities greater than 0.05 are considered adequate for explaining the variance in the factors, thus confirming the suitability of the variables for further factor analysis.

EXPLORATORY FACTOR ANALYSIS FOR SOCIO-ECONOMIC FACTORS

In this study, the principal component analysis (PCA) method has been applied to extract the key socio-economic factors influencing customer buying behavior. Prior to performing factor analysis, a correlation matrix was constructed to examine the relationships among the variables. This step ensured that sufficient correlations existed among variables, thereby validating the appropriateness of applying factor analysis. The results of the exploratory factor analysis provide a simplified structure of socio-economic factors that significantly influence consumer preferences for private label brands over national brands.

KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.805
Bartlett's Test of Sphericity	Approx. Chi-Square	1.067E4
	Df	190
	Sig.	.000

Source: Compiled from Primary Data

The result of Kaiser-Meyer-Olkin Measure of sampling adequacy and Bartlett's Test of Sphericity were depicted. The value of Kaiser-Meyer-Olkin is 0.805 and Chi-Square is 1.067E4 which is above the recommended value that is 0.7 (Kaiser and Rice, 1974). Kaiser-Meyer-Olkin results revealed that data is adequate to run the factor analysis. Furthermore, Bartlett's Test of Sphericity significant value is .000 which showed that the statistical significance of the observed correlation matrix.

FACTOR ANALYSIS RESULTS FOR SOCIO ECONOMIC FACTORS (VARIMAX-ROTATED RESULTS AND SCALE RELIABILITY)

<i>Variables/Items</i>	<i>Components</i>						
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Private label brands use recyclable packaging material.	.897						
Private label brands are recyclable in nature.	.895						
Private label brands are easier to dispose off.	.870						
Private label brands can be reused in future.	.864						
Price wars in the leading brands lead to the increase in sales of private label brands.		.894					
Increase in competition aids to the success of private label brands.		.875					
Private label brands are purchased just to fulfill the basic needs.		.856					
Switching to private label brands is easier on the basis of cost competition by the brands.		.851					
People opinions influence me to purchase private label brands.			.933				
Peers at work suggest private label brands are a good choice to purchase.			.926				
People speak well about the private label brands.			.911				
Switching cost is very less towards the private label brands.				.915			
With the increase in prices of commodities private label brands sale increases.				.909			
During the recession in the economy, private label brands are more preferred.				.845			
Private label brands contribute to the society by offering cheap price which is accessible to the lower income group.					.943		
Manufacturing of private label brands causes lesser air pollution in the environment.					.929		

<i>Variables/Items</i>	<i>Components</i>						
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Friends think you are poor/cheap if you continuously buy private label brands.						.912	
Family has a role to play in the purchase of private label brands which has a social symbol.						.901	
Increase in individual income/salary leads to switching away from private label brands.							.920
Family income influences the purchase of private label brands.							.867
<i>Eigen Values</i>	<i>7.685</i>	<i>2.435</i>	<i>2.046</i>	<i>1.841</i>	<i>1.580</i>	<i>1.309</i>	<i>1.067</i>
<i>% Variance</i>	<i>38.425</i>	<i>12.173</i>	<i>10.230</i>	<i>9.204</i>	<i>7.900</i>	<i>6.545</i>	<i>5.336</i>
<i>Cumulative % Variance</i>	<i>38.425</i>	<i>50.598</i>	<i>60.828</i>	<i>70.032</i>	<i>77.932</i>	<i>84.477</i>	<i>89.814</i>
<i>Scale Reliability Cronbach's Alpha value (Factor)</i>	<i>.954</i>	<i>.922</i>	<i>.970</i>	<i>.930</i>	<i>.961</i>	<i>.949</i>	<i>.886</i>

Source: Compiled from Primary Data

Exploratory Factor Analysis (EFA) was conducted to identify the key socio-economic factors influencing consumer buying behavior towards private label brands. The results reveal that all factor loadings exceed the recommended threshold of 0.60, ranging between 0.845 and 0.943, thereby confirming strong construct validity. A total of seven factors with eigenvalues greater than 1 were extracted, collectively explaining a substantial proportion of the total variance. Among these, *Recyclability* emerged as the most dominant factor, accounting for 38.425% of the variance, indicating that environmental concerns significantly influence consumer preferences. *Cost Competitiveness* and *Peer Opine* were also found to be important determinants, highlighting the role of pricing strategies and social influence in shaping purchase decisions. Furthermore, *Economic Situation* reflects the sensitivity of consumers to macroeconomic conditions such as inflation and recession. The factors *Social Acceptability* and *Social Status* emphasize the importance of societal perception and status considerations in consumer behavior, while *Disposable Income* indicates that income levels continue to play a crucial role in determining brand preference. All factors demonstrate high reliability, with Cronbach's alpha values ranging from 0.886 to 0.970, confirming internal consistency of the scale.

Overall, the findings suggest that consumer buying behavior towards private label brands is influenced by a

combination of environmental, economic, and social factors, providing valuable insights for retailers to design targeted marketing strategies.

CONCLUSION AND SUGGESTIONS

The study concludes that consumer buying behavior towards private label brands is significantly influenced by a combination of socio-economic factors, with strong empirical support from reliability and exploratory factor analysis. The findings highlight that variables such as price sensitivity, income level, social influence, and economic conditions play a crucial role in shaping consumer preferences, while the high Cronbach's alpha values and satisfactory KMO statistics confirm the robustness and validity of the measurement scale. The extracted factors provide a comprehensive understanding of how consumers evaluate private label brands in comparison to national brands, particularly in emerging markets. Based on these insights, it is suggested that retailers should focus on value-driven pricing, quality enhancement, and trust-building strategies, while also considering socio-economic segmentation to effectively target consumers. Additionally, future research may incorporate larger and more diverse samples or apply advanced analytical techniques to further validate and extend these findings..

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