

## **PRIVATE LABEL BRANDS AND BRAND LOYALTY: AN EMPIRICAL ANALYSIS ON FMCG, WESTERN PROVINCE, SRI LANKA**

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### **ABSTRACT**

Private Label Brands (PLBs) are a popular innovative marketing strategy adopting by retailers. In contrast, PLB could be defined as the *store brands* that the retailers and, on most occasions, exclusively own low-cost alternatives to National Brands. Brand loyalty refers the consumer's commitment to repurchase or continue to use a certain Brand, demonstrated by repeated buying of a product, service, or other positive behaviors such as word of mouth advocacy. This paper focuses on the PLBs owned by leading self-service retailers in Sri Lanka, namely; Cargills *My Choice*, Keels *K Choice*, and Arpico *Arpico Family*. The paper's objective is to assess the impact of PLB characteristics, *Price, quality, features, store image, and self-space allocation* towards brand loyalty. The study population consisted of PLB consumers in FMCG products, and a multistage sampling technique was adopted to select 150 PLB consumers from the Western Province. Multiple Linear Regression analysis was conducted and according to findings, PLB price, quality, features, Store image, and shelf space allocation are significantly contributed to creating Brand loyalty. Further, *price* is the most influential factor, and the brand features are highlighted as the second most influencing factor towards PLB loyalty. Consumers prioritized PLB price and later considered the shape, colour, and package at the purchase decision. Following recommendations were proposed ; (a) Comprehensive promotional campaign to PLB, (b) Competitive prices with National Brands, (c) Aligning similar and differentiated features with National Brands, (d) Continuous improvements of the quality, (e) Eye-catching shelf-space location and (f) Frequent market researches on brand equity

**Keywords:** *brand loyalty, brand management, consumer behaviour, FMCG, private label brands (plb)*

## **INTRODUCTION**

Private Labels have been of interest to scholars in economics and marketing from early due to their differentiation with the National Brands (NB). Private label brands (PLBs) refer to “store brands” that are brands owned by a retailer or wholesaler (Hyman et al., 2010). A private label product is manufactured by a third-party manufacturer and then sold under a retailer’s brand name. Private labels are usually cheaper than their name-brand counterparts (Desai et al., 2015). During the ’90s, private label categories have switched their scope from fast-moving consumer goods (FMCG) to clothing and home-care products basically (Boyle, 2003). Generally, a PLB is introduced by a Self-Service Retail Store, or simply a supermarket, to compete with the national brands.

Interestingly, PLB also strives to grab the maximum profits from the supermarket and upsurge the image. Clark et al. (2010) stated that most retail chains had started private label activities related to generic products, with limited product categories. Moreover, these PLB products are usually 30-40 per cent cheaper than the NBs and nameless goods of mediocre quality in straightforward packaging. The existence of national brands allows retailers to negotiate pricing margins with manufacturers more successfully. Because of their low-profit margins, generics will only compose a small percentage of retailers’ overall sales volume. Private label growth is a global phenomenon. Many terms are used to indicate forms of retailers’ private labels, such as private brands, store brands, own brands, retailer brands, wholesale brands, and distributor’s brands (Hakansson, 2000). Most of the researchers define the concept of private label branding in different ways. Ailawadi and Keller (2004) stated private

labels as the goods and services and differentiated them from competitors. According to Sayman and Raju (2004), private labels are the brands owned and controlled by a retailer. Private labels are considerably less expensive than national brands; therefore, refer as “convenient brands for the budget” (Kilic, 2010). Reasons for the emergence of PLBs are divergent. Generally, a PLB is exclusively owned and branded by one retailer (Jin, 2005), and developed as low-cost alternatives to NB.

Modern-day retailers are constantly improving the quality of their PLB to attract new customers and no longer follow a low-cost or low-quality strategy (Betreunde, 2014), resulted in a higher gross margin. To capture a greater portion of the private label market, the retailers expand their offers, improve quality, introduce attractive packaging, expand their distribution network, and promote customer-oriented sales of their brands (Dhananjy, 2016). Herein, the improvement in quality, taste, and packaging are some extent to make the customer attractive. At present, the people's lifestyles have been rapidly converted to a different state due to the busy life schedules. Hence, the customer seeks to satisfy all the needs, particularly from one location, thus created the “Supermarket industry concept” or *Self-Service Retailers*. This tendency paved the way to create more competitive and organized retail players highlighting the various customer fulfillments. Currently, retailers focus on developing their own brands or PLB to enhance customer loyalty, add diversity, and better margins (Jayakrishnan, 2016). At the beginning of the 1980s, supermarket chains have begun to present extremely advantageous products and equal to or close to the NBs. Private labels have first introduced in Belgium, Netherlands, West Germany, Sweden, Ireland, and England with the

developing process. The development processes of private labels have started with *low-priced* and *low-quality* strategies and were perceived as bad alternatives for national brands. However, with the huge investment of retailers in the new product development process with advertising and other communication tools, the private label reached a high level to compete with national brands (Yilmaz, 2009). At present, approximately 15% contribution for the annual Gross Domestic Production (GDP) of Sri Lanka has been accounted for from the supermarket sector and Cargills Food City, Keels Super, Laugfs Supermarket, Lanka Sathosa, and Arpico Super Center are the leading Self-Service Retail store chains. In addition, there are huge expansions of the outlets in the country. In recent years, many players have entered the retail industry, and high competition has been established. Hence, retailers have developed numerous innovative strategies to face the competition courageously. PLB is one of the best strategies retailers introduced to compete with others among all rival actions. Analyzing the supermarket industry, three PLBs perform highly within the local context, namely, **Cargills' My Choice**, **Keels K Choice**, and **Arpico**, *Arpico Family*. Among all PLB's, the owned supermarket stores were identified ;

**Cargills' "My Choice"**: Cargills Food City (Ceylon) PLC is a Sri Lankan corporate established in 1844 with a strong foundation of values and ethics. In line with the long-term vision of reducing the cost of living, Cargills introduced a range of sanitary solutions, including stationary, washing products, groceries under the PLB "My Choice". **Keels "K Choice"**: K Choice is committed to offering quality products at affordable prices with a standard design, essential, simple packaging to ensure all the

cost savings are passed on to the Customers. PLB has a range of products under grocery, chilled, frozen, Household, and Home ware. **Arpico** “*Arpico Family*”: Richard Pieris Distributors Ltd. manages the Arpico chain of Supercenters and owns the PLB with a wide array of fast-moving consumer goods (FMCG), household goods, apparel, furniture & electronics, and provides a host of value-added services.

### **Problem Statement**

PLBs are large in developed markets (Beura & Moharana, 2016), such as the USA and UK accounted for 40% and 55% of representation in their store respectively (Khandelwal, 2015). The literature has examined market share (Steenkamp and Geyskens, 2014), individual purchase behaviour (Batra and Sinha, 2000), perceptions, attitudes, and willingness to pay (Steenkamp et al., 2010) in determining the success of PLBs (Calvo-Porrall and Lévy-Mangin, 2014). Over time, in the process of reducing the gap between PLBs and NBs in terms of price and quality, PLB retailers have repositioned their products and attempted to create positive effects on consumer perceptions towards PLBs (Zielke and Dobbstein, 2007). The success of PLBs depends on addressing the expectations of consumers and manufacturers, who are also targeted by the NBs (Hyman et al., 2010). Drastically, private label market share is increasing and acquiring national brands, thus creating brand loyalty (Goldsmith et al., 2010). According to Guerrero et al. (2000), Spanish consumers perceive private label products as reliable, different from producer brands, and good value for money. Cardello (1997) reports negative stereotypes that affect private label purchases. Some scholars argued this PLB concept is not much successful in Asian countries (Kedyanee, 2011).

Further, the performance of PLB might be low in Sri Lanka compared to the developed countries due to the lower concentration (15%) from the supermarket industry. This is a less-researched area in the local context, whereas there is an empirical gap between PLB and Brand loyalty in Sri Lankan PLBs. The authors focus on three main PLBs, *My Choice, K Choice, and Arpico Family*, prominent among local consumers. An empirical gap has been identified in the PLB characteristics towards the PLB loyalty in the Sri Lankan context. Hence this research will gain broader knowledge and better understand the impact of PLB characteristics on consumer brand loyalty in the supermarket sector. Hence the **Research Questions** have been developed by highlighting the research gap.

- What is the impact of PLBs (Private Label Brands) on brand loyalty?
- What is the most influential characteristic of private label affect brand loyalty?

**Research Objectives** have been developed to fill the identified research gap;

- Assess the impact of PLB (Private Label Brands) on brand loyalty
- Identify the most influential characteristic of private label effect for brand loyalty of PLBs

## **LITERATURE REVIEW**

According to scholars, PL contributes to 17% of retail sales and grows at 5% annually. Further, PLBs are high volume in developed markets as the USA (40%) and the UK (55%) of representation within the self-service retail market (Khandelwal, 2015) while PLBs have not been successful in

Asian countries (Kedyanee, 2011). Nevertheless, private labels of retail stores in India are growing in popularity (Selvakumar & Varadharajan, 2013). Within the USA market, PLs are gaining their market share each year, increasing 23.6% of the units sold in all categories and in France, the unit share of PLs has reached 36%, and in Germany, 41% of the retail grocery market (Theron, 2014).

### **Characteristics of Private Label Brands**

***PLB Price:*** The price of an item is an essential determinant of the values of sales made and determined to discover what customers perceive as the item's value. Price is one of the extrinsic cues determining the PL purchase in food products (Burger & Schott, 1972). Price, as an inference of quality, has been widely studied (Rao & Monroe, 1989, Steenkamp et al., 2010) and price-perceived quality schema constructs have been directly tested. The price of PL is substantially lower than that of comparable manufacturer brands and scholars (Hoch, 1996) claim that the shelf prices for PLBs are usually 25-30% less than those for the national brands. In the US context, PL price in categories like cookies and soups should be linked to the NBs price and wholesale price (Choi & Coughlan, 2004). Herein most scholars agree the retailers should launch PLs with different prices targeting different consumer segments. ***PLB Quality:*** The quality of a brand (or perceived quality) could be defined broadly with different contexts.

Scholars (Lien & Chiao, 2001) has defined the perceived quality as the customers' judgment about the product's overall excellence or superiority. Perceived quality is essential in selecting and consuming PLBs (Beneke et

al., 2013). The quality of a product is a key determinant that motivates customers to purchase a product. Quality has a vital role in determining the private label purchase and affects the consumer perceptions about PLBs (Jayakrishnan, 2016). Consumption of PLBs is often higher when consumers perceive it similarly to NBs (Sprot & Shimp, 2004). Since quality is a major factor affecting consumer perception, retailers need to enhance the quality image of the store brands by minimizing quality variation by improving packaging and product quality (Jayakrishnan, 2016). **PLB Features:** PLBs strive to develop brand features much similar to the NBs, and more considerations are provided to the color, shape, package, and overall appearance of the similar NB. Extant literature indicates that higher similarity to NBs enhances consumer consideration and relative preference for these PLBs (Aribarg et al., (2014)).

To take advantage of consumers' positive association with NBs, PLB retailers generally imitate the design characteristics, brand names, logos, label designs, product attributes, and packaging of leading NBs in their particular category (Aribarg et al., (2014)). As the PLB feature is an important characteristic self-service retailer should pay attention to the product package, shape, color to compete with NBs (Jayakrishnan, 2016). **PLB Store image:** another major factor that influences the purchase of private labels and, the image of the store has a direct effect on the brand image of the PL, which can determine the purchase (Jayakrishnan, 2016). Company reputation or the organisation's corporate image determines the sales volume of a product, whereas, with less company reputation, the consumer behavior might shift (Kedyanee, 2011). Store image has different dimensions which need to be understood to create a favorable image in consumers minds. Store image is defined in the consumer's mind



by functional qualities and psychological attributes (Martineau,1998). The major factors that determine the store image include layout, architecture, symbols, colors, advertising, and sales personnel. Store image has a direct and indirect influence on consumer perceptions which can be detrimental for store brand purchase. Retailers need to create a favorable store image by devising an appropriate pricing strategy for private labels by increasing the quality, variants of private labels and improving the in-store atmosphere factors. The image factor can affect the quality perceptions, prestige factor, and store loyalty, influencing the purchase decision (Jayakrishnan, 2016). ***PLB Shelf Space allocation***: Priority level or the shelf space in the supermarket is crucial for every product in self-service retailers, whereas different products/brands compete to acquire the best shelf spaces that can attract more customers. Shelf space allocation is a factor that indirectly affects the purchase of PLBs. Hence the shelf space allocation could enhance the visibility of PLs, and interestingly, most retailers place the PLBs on shelves adjacent to National brands (Jayakrishnan, 2016). Scholars (Dursun. et al.,2011) state that shelf space allocation contributes significantly to enhance product familiarity and perceived quality, and (Zameer. et al.,2012) in most cases, PLBs are placed near to NBs to make the consumer more aware. Further, to upsurge the sales, PLBs should place on shelves parallel to an eye level of consumers is one of the best strategies.

## **Brand Loyalty**

Brand loyalty is the consumer's commitment to repurchase or continue to consume the same brand service or other positive behaviors such as word of mouth advocacy. Scholars (Thiele & Mackay, 2001) Stated that in the

marketing literature, the term “loyalty” had been used interchangeably with its operational definition to refer to repeat purchase, preference, commitment, retention, and allegiance. Moreover, these terms are the outputs of definitions related to the different aspects of brand loyalty. Further, Quester & Lim (2003) argued that the literature shows two alternative approaches to brand loyalty in the behavioral approach, which is widely used to define the construct and lead towards the “repeated buying” of a Brand. In this connection, Brand recall is the extent to which a brand name is recalled as a member of a Brand, product, or service class. Recalling power is a critical dimension of brand loyalty ( Moolla & Bisschoff, (2013) with the ability of consumers to correctly elicit a brand name from memory when prompted by a product category (Punniya Moorthy & Raj, 2007). If a PLB can position highly in the consumer's mind, as a return, the financial returns with enhanced sales volume can expect. In that context, Aided recall is aligned to brand recall, and pure brand recall requires an unaided recall. Due to the unpopularity of the concept PLB among Sri Lankan customers, researchers adopted the *aided recall* to measure the recalling power of people.

Further, Brand attachment is the emotional connection between consumer and brand, resulting in attached the brand, and as a result, consumers are unwilling to do a trial-purchase even (Fournier & Yao, 1997). For self-related engagement, brand attachment seems to be the essential construct that expresses a consumer's connection with a brand and provides stronger connections than brand attitudes and might be viewed as an antecedent of true loyalty (Fournier & Yao, 1997). Brand Trust refers to whether the customers have a good trust regarding the PLB; thus, if any consumer

exhibit good trust results in high brand loyalty (Morgan & Hunt, 1994). Conceptualize trust as existing when one party has confidence in an exchange partner's reliability and integrity, and herein, the customers develop trust based on different factors. Therefore, brand trust is an important factor when determining brand loyalty and spontaneously leads to brand loyalty or commitment due to the exchange relationship in which one is highly involved (Chaudhuri & Holbrook, 2002). Indeed, commitment has been defined as an enduring desire to maintain a valued relationship. Thus, loyalty or commitment underlies the ongoing process of maintaining a valued relationship that the trust has created. In other words, trust and commitment should be associated because trust is vital in relational exchanges, and commitment is also reserved for such valued relationships (Chaudhuri & Holbrook, 2002).

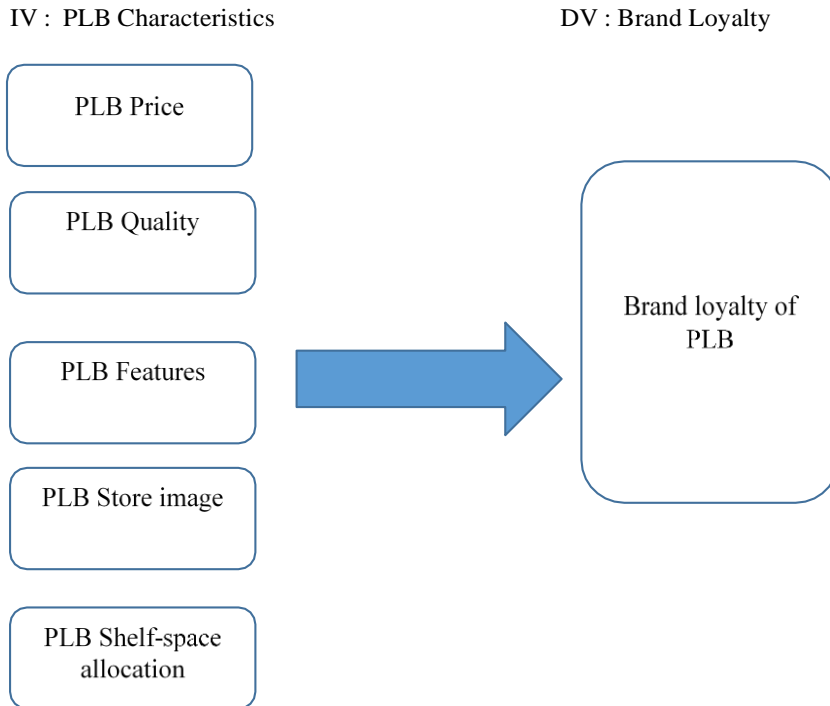
### **Brand Satisfaction and perceived value**

Satisfaction is pleasurable contentment on consumer senses that consumption fulfils a need, desire, goal, or so forth (Oliver, 1999). In this context, "brand satisfaction" results from a cognitive and affective evaluation where some comparison standard is compared with actually perceived performance (Homburg & Giering, 2001). A direct measure of customer satisfaction can be applied to existing customers, who have used the product or service within a certain time frame. The focus can be the last use experience or simply the user experience from the customer's view (Aaker, 1991). Brand satisfaction depends on how consumers look at a product or service or the perception regarding the satisfaction of a brand. Brand satisfaction also can be expressed as a measure of how products and

services supplied by a company meet or surpass customer expectations ( Moolla & Bisschoff, (2013). Perceived value is the consumer's overall assessment of the utility of a product based on the perception of what is received and what is given ( Punniya Moorthy & Raj, 2007) and is made up of, Functional Value, Emotional Value, Price-worthiness Factor, and Social Value (Voss et al., 2005). Customers have a different perception of different products and based on different perceptions; customers evaluate the value of that product. If there is a high perceived value regarding the considered product, consumers tend to purchase more. Herein, consumers perceive value differently, such as low price and the benefits received from the products, quality for the price paid (Zeithaml, 1988). Hence, customer perceived value is the difference between the prospective customer's evaluation of all the benefits and costs and the perceived alternatives (Kotler et al., 2005). Herein, the conceptual model has been developed by referring to the literature and link the variables, PLB characteristics; price, quality, features, store image, and shelf-space allocation, as the Independent variable (IV) and Brand loyalty of the PLB as the Dependent variable (DV).

### **Conceptual model**

Conceptual model developed by referring two scholarly models; PLB characteristics from the model developed by (Jayakrishnan , 2016), and brand loyalty ( Moolla & Bisschoff, (2013).



**Figure 1: Conceptual model**

Source: Jayakrishnan (2016) and Moolla & Bisschoff (2013)

**Table 1 : Operationalization of the IV and DV**

<b>Dimensions</b>	<b>Indicator</b>	<b>Measurement Question</b>	<b>Measurement</b>
Price	<i>Low price</i>	The prices of the products which are introduced by super	Scale Likert

		markets are cheaper than the leading products in the market	
Quality	<i>High quality</i>	The quality of those products is at a higher level when comparing with the leading products	
Features	<i>Same features</i>	The shape / colour / package are at a same level when comparing the private label product with leading brands	
Shelf Space allocation	<i>High priority</i>	It is very easy to find this product in a super market than finding another brand	
Store image	<i>High reputation</i>	The reputation / popularity of the super market are one reason for me to select a product	

		which is introduced by private labels	
Brand recall	<i>Aided recall</i>	I can very easily memorize the products introduced by super markets	
Attachment	<i>Consideration set</i>	When I make a purchasing decision, I consider about those brands introduced by super markets	
	<i>Recommendation</i>	I recommend super market products to others	
Brand Trust	<i>Trust</i>	I highly trust those brands introduced by super markets	
Brand Satisfaction	<i>Satisfaction</i>	I am fully satisfied about the purchasing decision of super market introduced products	
Perceived Value	<i>Quality</i>	In terms of quality it is more valuable to purchase this product	
	<i>Price</i>	In terms of price, it is more valuable to purchase this product	
	<i>Company reputation</i>	Purchasing products introduced by super markets will help me to get more social status	

Likert Scale

Source: (Jayakrishnan , 2016) and ( Moolla & Bisschoff, (2013)

## RESEARCH METHODOLOGY

The research design is a blueprint for the research that maximizes control over factors that could interfere with the validity of the findings. Herein a structured approach has adopted with a structured questionnaire where

respondents were given a set of questions to answer and thereby results were derived. The research population has represented all PLB consumers purchasing FMCG product brands in Sri Lanka. The sample was selected from the Western Province due to the location of the highest number of supermarkets (Self -service retail stores). The western province was selected due to the highest number of supermarket outlets in three districts; Colombo, Gampaha, and Kaluthara, and the self-service retail stores were selected ; (1) Cargill’s Food City, (2) Keels Super, and (3) Arpico Supercenter from each District. As the Sampling method, the Multistage sampling technique was adopted to select 150 respondents from each District, whereas, as the first stage, a proportionate sampling technique was adopted by considering the number of self-service retail outlets located within each District. Consequently, as the second stage, the judgmental sampling method has been adopted to identify the respondents (consumers) who actually purchase the PLB products. Table 2 depicts the number of Self-service retail stores in each District and Table 3 the sample selection methodology from each District.

**Table 2: Number of Self-service retail stores**

Districts (WP)	Self-service retail stores				Total
	Cargills city	Food	Keels Super	Arpico Supercenter	
Colombo	93		44	15	152
Gampha	43		15	09	67



Kaluthara	17	08	04	29
Total	153	67	28	248

**Table 3 : Sample selection**

District	Sampling technique : proportionate
Colombo	$152/248 * 100 * 150 = 93$
Gampha	$67/248 * 100 * 150 = 40$
Kaluthara	$29/248 * 100 * 150 = 17$
Total	150

Source: author developed on sample selection

Primary data were collected through a self-developed questionnaire filled by respondents in the sample, designed to measure both PLB characteristics and brand loyalty. The questionnaire consisted of four structured questions regarding personal information, eight questions to cover the PLB characteristics (IV), and eight questions to cover the brand loyalty (DV), in several subsections; aided recall, attachments, brand thrust, brand satisfaction, and perceived value. Herein, primary data has been adopted and Statistical Packages for Social Science (SPSS) version 21.0 software were used to analyse data. In addition, Cronbach's Alpha Reliability Test was conducted to check the overall reliability of the questionnaire; as the main analysis method, regression was adopted to

identify the impact of the IV on the DV and the most influential characteristic of PLB (IV) that makes an impact on PLB loyalty (DV).

## **DATA ANALYSIS**

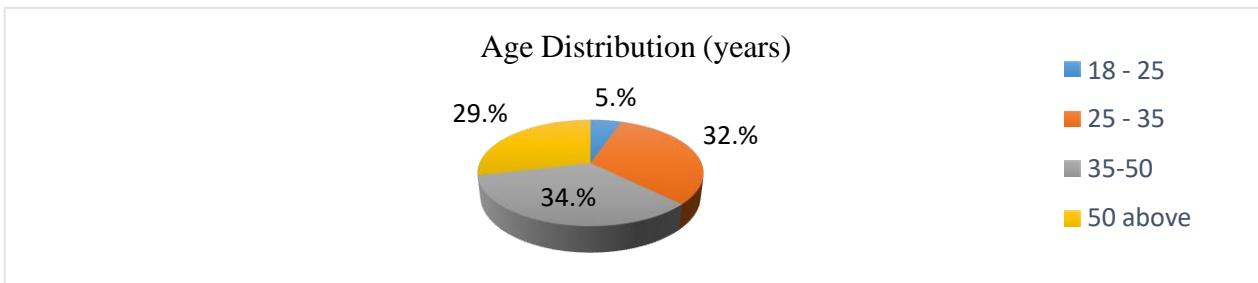
The primary source of data collection and gathering was through the survey method and analyzed through the use of the SPSS version, through which many relationships were able to be established through its advanced features. As the first step, Cronbach's Alpha reliability analysis was conducted to determine the reliability of the questionnaire. Accordingly, the reliability is accepted.

**Table 4 : Cronbach's Alpha Reliability Analysis**

Cronbach's Alpha	No of Items	No of Observations
0.783	16	20

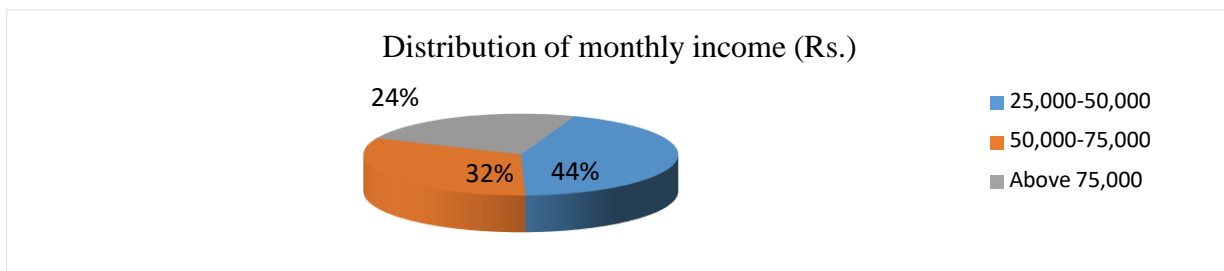
### **Demographic Characteristics of the Sample**

Descriptive statistics have been used to analyze respondents' demographic characteristics that consisted of 150 PLB consumers in the districts of Colombo, Gampaha, and Kaluthara in Western province. When compared with the age, most of the consumers who purchased PLB products were between the age category of 35 - 50 years and the majority represent the age group of 25 – 50 years (66%) of the sample. There were fewer consumers within the categories above 50 years and below 25 years (34%) thus demonstrates mostly the young adults are interested in PLBs.



**Figure 2: Distribution of Age**

The majority of the consumers receive a monthly income between Rs.25,000 -50,000 (44%), 32% receives between Rs.50,000- 75,000 monthly income, and 24% receives greater than Rs.75,000. Accordingly, most consumers who purchase PLB in the Western province receive a moderate monthly income (Figure 3).



**Figure 3: Distribution of income**

### Regression Analysis

The regression analysis was performed for two purposes: to predict the DV value for individuals concerning the explanatory variables is available or

to estimate the effect of some explanatory variable on the DV. Multiple linear regressions were used to identify the best model and impact of the IV towards the DV; the most significant PLB characteristic that affects consumer brand loyalty of the FMCG sector of Self-service retailers has been identified. Furthermore, regression has identified the movement when an IV changes the extent of the DV simultaneously.

The model summary of Multiple Regression analysis has been depicted in Table 5.

**Table 5: Model Summary of Multiple Regression Analysis**

Figure	Value
R	0.771
R Square	0.595
Adjusted R Square	0.581
Std Error of the Estimate	0.31968
Significant F change	0.000

Source: SPSS output

According to the results (Table 5), PLB characteristics, price, quality, features, store image, and shelf space allocation have explained 58% of the variance in consumer brand loyalty (Adjusted R Square) and the model is significant. The standard error of estimation is 0.31968, representing that the model is fitted well (mean value of DV 3.7551 greater than the standard error of estimate). The probability of F testing statistics is 0.0000,

highly significant, and IV, *price, quality features, store image, and shelf space allocation* jointly influence the brand loyalty DV. According to the individual coefficients, the Beta value of 0.455 implies PLB price has a positive effect on brand loyalty and significant (P-value 0.000), PLB Features with the positive Beta value of 0.290 (and significant), indicates the features of the brand also influenced on brand loyalty positively. However, PLB quality, store image, and shelf space allocation have P-values of 0.046, 0.011, and 0.036, respectively and these variables are significant as the P-value is less than 0.05 and individual Beta values of 0.113, 0.171 and 0.141 respectively depicts the PLB quality, store image and shelf space allocation have a positive effect on the brand loyalty. Table 6 depicts the results of the Multiple Linear Regression analysis.

**Table 6: Analysis of Variance for Multiple Linear Regression**

	B	Std. Error	Beta	t	sig
(Constant)	1.346	.225		5.979	.000
Price	.207	.029	.455	7.126	.000
Quality	.065	.032	.113	2.014	.046
Features	.220	.043	.290	5.158	.000
Store image	.102	.040	.171	2.567	.011
Shelf space allocation	.085	.040	.141	2.112	.036

Source: SPSS output from survey

Accordingly, the standardized coefficient of PLB price is the highest and the most influencing factor (refer to Table 6), the second-highest is PLB features (0.290) and the third influential factor is store image (0.171). Further, the probabilities between independent variables and residuals are perfectly insignificant. Thus there are no relationship exists between the IV and standardized residuals, and Regression results are valid. The research objective of the paper is to assess the impact of PLB characteristics and brand loyalty in the self-service retail sector. According to the research finding, PLB characteristics, price, quality, features, Store image, and shelf space allocation significantly contributed to the model (P-value 0.000) with a strong positive impact. The research objective of the paper is to assess the impact of PLB characteristics and brand loyalty in the self-service retail sector. According to the research finding, PLB characteristics, price, quality, features, Store image, and shelf space allocation significantly contributed to the model (P-value 0.000) with a strong positive impact.

Further aligning with the second objective, the most influencing characteristic of PLB towards consumer brand loyalty has identified through multiple regression analysis. As for the findings, the *price* of the PLB is the most influential factor. Secondly, PLB *features* and, *store image* is the third-highest variable. Finally, P-values of quality and shelf space allocation are individually insignificant. Hence, those two factors jointly influence on brand loyalty of PLB. Therefore the findings of the study would be matched with the literature, whereas the “price” of the PLB has been identified as the highest influential variable; rather the consumers

are sensitive to the price. This is quite a clear signal to the brand managers when to apply the pricing strategies for the PLBs.

## **Conclusion**

The paper attempts to link the PLB characteristics with the brand loyalty of the PLB by referring to the Self-service retail sector. As a summary, a sample of PLB consumers was selected, primary data collection was conducted via survey method. According to the findings, a significant positive impact was identified between the PLB characteristics and brand loyalty and, the *price* has been identified as the most influential factor towards Brand loyalty. Further, *features* were identified as the second most influencing factor and *store image* as the third significant factor towards PLB loyalty. Herein, consumers prioritized the PLB price first, later considered the Brand's shape, colour, and package at the purchase decision.

Moreover, the fourth influencing factor is the *shelf space allocation* and whereas the *PLB quality* has the most negligible impact on PLB loyalty. The findings will fill the research gap that existed within Private Label Brands (PLB) and the consumer's loyalty towards the PLBs within the local context. These empirical findings provide novel insight into the scholarly work while proposing a new direction to the Brand Managers and practitioners.

## **Managerial Implications**

Findings will be vital to the self-service retailers to develop PLB strategies for the FMCG. Accordingly, *price* and *features* accounted as the

influential critical factors to create PLB loyalty. Therefore, as a recommendation, retailers should focus on the PLB price and features at the strategy development stage. Further, retailers would emphasize the Store image and shelf space allocation to be convenient with the consumers. According to the study findings, both factors are moderately influenced to enhance PLB loyalty.

Most importantly, the majority of the consumers are not aware of the concept of PLB, therefore recommended a comprehensive promotion campaign to promote PLB's. In the local context, for a country like Sri Lanka, PLB's are still an emerging concept, suggesting popularising the PLB concept among the consumer market. Herein these key recommendations are proposed;

- Comprehensive promotional campaign to Private Label Brands among the consumer market
- Competitive prices with National Brands
- Aligning similar and differentiated features and quality with National Brands
- Continuous improvements of the quality of PLBs
- Eye-catching shelf-space location for PLBs
- Frequent market researches to identify the brand equity of the PLBs

### **Directions for Future Research**

As future research directions, a country-wide sample of PLB consumers could be considered by targeting each self-service retailer currently operating in the local context. Further, each of the dimensions within the



PLB's could be investigated to identify the intensity of the variables. Finally, as another research direction, a comparison between National Brands (NB's) and PLB's could be conducted to identify the salient factors on consumer behavior on Branding.

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