# In-store marketing of private labels: applying cue utilisation theory

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## Abstract

**Purpose** – The purpose of this study is to examine the effectiveness of in-store private label marketing to impact the attitude of consumers towards private label brands (PLBs) by influencing consumers' perceived quality variations between the PLBs and national brands.

**Design/methodology/approach** – This study is based on "Cue utilisation theory" and focusses on how retailers can influence consumers' perception of quality variations by providing them in-store marketing cues. Data was collected through the mall intercept method in New Delhi, India. Data analysis was done using AMOS 25 and the PROCESS SPSS macro.

**Findings** – This study establishes the effect of in-store private label marketing in improving consumers' quality perception of PLBs vis-à-vis national brands and thereby leading to a positive attitude towards PLBs. Further, the national brand promotions attitude is found to moderate the relationship between private label marketing and attitude towards PLBs. However, contrary to the authors' expectations, it has a positive effect on this relationship. The study found an insignificant moderation influence of price consciousness.

**Originality/value** – This study complements existing literature on "Cue utilisation theory" by demonstrating the importance of in-store private label marketing in improving consumers' attitudes towards PLBs. It also extends to fill some gaps in the literature by studying the direct, mediating and moderating relationship among in-store private label marketing, perceived quality variations, price consciousness, national brand promotion attitude and attitude towards PLBs, especially in an emerging market such as India.

**Keywords** Private label brands, In-store marketing, Cue utilisation theory, Attitude towards private labels, National brand promotions attitude, Price consciousness

**Paper type** Research paper

## 1. Introduction

Private label brands (PLBs), also termed as store brands, are generally brands owned, manufactured and sold by retailers exclusively. The retailers have the power to control and sell these products through their promotional offers and other in-store marketing techniques. Researchers have extensively focussed on PLBs to explore and understand the antecedents that influence consumers to select these store brands (Manzur *et al.*, 2011; Muruganantham and Priyadharshini, 2017). PLBs grew in recession times because of less disposable income of consumers and low prices (Walsh and Mitchell, 2010). However, consumers may not be willing to switch back to national brands (NBs) even when there is an improvement in their economic conditions (Huang and Feng, 2020). Consequently, both PLBs and NBs compete for the retailer's shelves side by side to entice consumers' attention and gain their trust (Alić *et al.*, 2020).

Previous research suggests that consumers often perceive PLBs to be of lower quality than NBs (Bao *et al.*, 2011; Sprott and Shimp, 2004), which makes it a challenge for retailers to develop a sustainable and loyal customer base. However, in the last few years, retailers have increasingly attempted to grow their PLBs not just in terms of sales but also in terms of building a reputation of good-quality products in the market (Akcura *et al.*, 2019; Abril and Rodriguez-Cánovas, 2016; Cuneo *et al.*, 2019). NBs invest large sums of money to build their brand equity and perceptions of high quality through aggressive mass media advertising. Since PLBs do not make such investments in mass media, in-store marketing becomes pivotal for them in both educating consumers and fostering the growth of their PLBs. There has also

been some research in the category of apparel assessing characteristics of consumers who prefer PLBs, the effects of PLBs versus NBs and the effect of store image on consumers' evaluation process (Bockholdt *et al.*, 2020; D'Astous and Saint-Louis, 2005; Herstein *et al.*, 2013).

Apparel is one of the rapidly growing categories in private labels; however, there is limited research in this category (Bockholdt *et al.*, 2020). In the past few years, companies such as GAP, H&M, JCPenney, ZARA have boosted their sale of private labels across the world. Apparel is considered as a high involvement category since consumers buy fashion products not only for their inherent utility (Yoganarasimhan, 2012) but also for enhancing their public images and balance sense of affiliation and autonomy (Banister and Hogg, 2004). With private labels inducing connotations of lower quality (Bao *et al.*, 2011), apparel retailers must understand how consumers perceive the quality of PLBs vis-à-vis NBs and their attitude towards buying their PLBs.

In an emerging market such as India, the apparel organised retail sector is expected to grow substantially in the coming years and so is the importance of PLBs (Sarkar *et al.*, 2016). Previous studies in the context of apparel PLBs in India have mainly focussed on determinants of consumer buying behaviour, store patronage behaviour, understanding the significance of cues in the evaluation of PLBs, perception and intent to buy PLBs (Krishna, 2011; Mishra, 2014; Sarkar *et al.*, 2016; Kumar, 2019). Other related studies in developed countries have examined the importance of price consciousness (PC) (Glynn and Chen, 2009; Sinha and Batra, 1999) and national brand promotion attitude (NBPA) (Ailawadi *et al.*, 2001; Garretson *et al.*, 2002; Manzur *et al.*, 2011) for private label purchase. However, no study has yet examined the direct, mediating and moderating relationship among in-store private label marketing (PLM), perceived quality variations (PQV), PC, NBPA and attitude towards private label brands (PLA), especially in an emerging market such as India. Therefore, the research objectives of this study are as follows:

(1) To examine the impact of extrinsic cues, namely the effect of in-store PLM in improving quality variations perception for PLBs and thereby the influence of attitude towards PLBs in the apparel category.

(2) To investigate the moderating effects of PC and NBPA in the apparel PLBs category.

Overall, this study aims to examine how retailers can use in-store PLM to impact the attitude of consumers towards PLBs through improvement in PQV between PLBs and NBs. Further, the study explores how NBPA and PC, as moderating variables, can influence consumers' attitudes towards PLBs.

This paper begins with an overview of the theoretical background and hypotheses formulation. Next, the paper describes research methodology, data collection and analysis. Lastly, the paper concludes with the discussion of the results, the theoretical and managerial implications, the future scope of research.

## 2. Theoretical background and hypothesis

### 2.1 Cue utilisation theory

Olson and Jacoby (1972) categorised cues as intrinsic and extrinsic cues. According to Shirai (2020, p. 751), "extrinsic cues are product-related, but are not a part of the physical product; intrinsic cues are integrated into the physical composition of a product and vary across product categories." Consumers may infer product quality through indicators of extrinsic cues (Sabri *et al.*, 2020), mainly when a brand is unfamiliar, and there are limited chances to review properties of the intrinsic product (Zeithaml, 1988). Consumers may use both extrinsic and intrinsic cues independently or concurrently to judge brand quality. Researchers have

(Richardson *et al.*, 1994; Kim *et al.*, 2019) indicated mixed responses towards the dominance of extrinsic or intrinsic cues to guide consumers' quality perception. Various forms of extrinsic cues may have a differential impact on quality perceptions of PLBs in comparison to NBs (Sethuraman and Gielens, 2014; Sarkar and Rawani, 2017; Yan *et al.*, 2019). Consumers frequently rely on store-related (Girard *et al.*, 2017) and product-related (Collins and George, 2017; Mundel *et al.*, 2018) extrinsic cues to estimate the quality of PLBs. However, Kinney and Xia (2017) find that consumers give more importance to extrinsic cues only when intrinsic cues are not present or when they are insufficient to guide their quality perceptions and purchase intentions.

Cue utilisation theory, as a framework, has been applied by various recent studies in the context of PLBs (Bodur *et al.*, 2016; Kinney and Xia, 2017; Konuk, 2018; Yan *et al.*, 2019). The cue utilisation process includes the cognitive process involved in obtaining and using the information to produce a particular behaviour (Clement, 2007; Ladeira *et al.*, 2019). Marketing literature emphasises the importance of these cues in the formation and alteration of consumers' quality perception for brands (Dawar and Parker, 1994; Bao *et al.*, 2011). Firstly, feature differentiation can play an essential role in quality perceptions and decision-making of consumers (Choi and Coughlan, 2006; Moon *et al.*, 2018). Secondly, retailers can use free samples to enhance consumers' quality perception by enabling consumers to evaluate products based on intrinsic cues rather than extrinsic cues. Thirdly, retailers can use various extrinsic cues in visual merchandising to create the right aesthetic impression around the store's PLBs (Maharani *et al.*, 2020) and thereby enhance their quality perceptions. Fourthly, higher advertising budgets on private labels can also serve as indicators of better quality (Kim *et al.*, 2019). In this paper, the focus is on examining the effect of in-store PLM, which serves as extrinsic cues to influence consumers' PQVs between PLBs and NBs and the resulting attitude towards PLBs.

### 2.2 Hypothesis formulation

*2.2.1 Effect of in-store private label marketing (PLM) on attitude towards private labels (PLA).* Several studies indicated the importance of in-store marketing as consumers make numerous decisions when they are in the store (Fam *et al.*, 2011; Johnen and Schnittka, 2020). Beneke and Carter (2015) described in-store marketing as an indispensable marketing tool for PLBs. Research indicates that in-store marketing such as shelf space management, displays, posters, store atmosphere, service and in-store communication has a positive influence on brand attention and sales (Bemmaor and Mouchoux, 1991; Chandon *et al.*, 2009; Ladeira *et al.*, 2019). Abril and Rodriguez-Cánovas (2016) emphasised on signage, namely posters and graphics as vital tools to enhance familiarity and attitude towards PLBs. Retailers have revealed an interest in promoting in-store PLBs not only because of their higher profits but also because they enable lesser dependency on the manufacturers of NBs, improvement in-store image and higher consumer store loyalty (Ailawadi and Harlam, 2004; Egol and Vollmer, 2008). However, it is a challenge for retailers to convince consumers to shift from NBs to PLBs (Ailawadi *et al.*, 2008). Initially, PLBs were positioned as an affordable alternative to NBs. However, the scenario is changing as consumers are increasingly showing a positive inclination for PLBs (Corstjens and Lal, 2000). De Wulf *et al.* (2005) indicated that retailers could grow by enhancing the quality perception of their PLBs compared to NBs by sharing information actively with the shoppers through in-store information, advertising and public relations campaigns. The type of promotional activities for a brand depends on the size of the parent company, margin variations, financial factors and technological investments (Hoch and Benrji, 1993). Retailers, generally, cannot devote a significant amount of funds in mass media promotion of their PLBs like NBs do. In such a scenario, in-store marketing initiatives can play a pivotal role in building a positive attitude of consumers for PLBs (Konuk, 2018). Therefore, the hypothesis is:

*H1.* In-store PLM positively affects the PLA.

*2.2.2 The effect of in-store private label marketing (PLM) on the attitude towards private labels (PLA) through the mediating role of perceived quality variations between PLBs and NBs.* As per Ailawadi *et al.*'s (2001) study, perceived quality is defined as consumer's judgement for the quality of the product rather than the features provided by the PLB. Consumers have high purchase intentions, and they are willing to pay higher for a brand based on its perceived quality and brand value (Netemeyer *et al.*, 2004). Consumers believe that the excellence or superiority of a product is based on consumer judgement about product quality. Perceived product quality positively affects brand preference through product value. Thus, quality is an essential predictor of the consumer's evaluations of products and brands (Wang, 2013). Heese (2010) postulated that generally PLBs have lower perceived quality than NBs due to lack of reputation of retailers, which takes time to accrue. In this paper, the focus is on studying consumers' PQV between for PLBs compared to NBs and if in-store PLM can help bridge the gap in favour of PLBs.

Brand name significantly affects the purchase decision of brand-conscious consumers. Retailers need to convince consumers that their store brands are both competitive with NBs for quality (Baltas and Argouslidis, 2007). In-store marketing tools such as positioning PLBs next to NBs help to infuse a perception of similar quality (Olbrich *et al.*, 2016). Sethuraman and Cole (1999) pointed out that PQVs in several categories are one of the pertinent reasons for consumers to prefer and pay the price premium for NBs rather than purchasing PLBs. Walsh and Mitchell (2010) assert that with a decrease in the PQV between PLBs and NBs of the product, the consumers would be more likely to buy PLBs. By bringing the perceived quality of PLBs closer to NBs, retailers can also reduce the perceived risk associated with purchasing the private labels that might influence intention to buy PLBs (Sweeney *et al.*, 1999). Since variations in perceived quality are a critical element of brand equity, retailers use various in-store promotions to compete with NBs and to create a positive impact on consumers' acceptability of PLBs. Such in-store marketing activities include shelf space allocation, in-store promotion and lower prices. In-store marketing, such as enlarged shelf space, improves consumers' perception of PLB quality and attitude and image towards PLBs (Corstjens and Lal, 2000; Dursun *et al.*, 2011). Some other activities, such as posters, banners, demonstrations or features within a store, could also augment familiarity and brand equity of PLBs (Sprott and Shimp, 2004; Gázquez-Abad and Martínez-López, 2016). As per the cue utilisation theory, such in-store activities are likely to serve as important cues for perceiving the quality of the product during the shopping process when other means to assess quality are not readily available. Thus, in-store marketing can effectively impact the PQVs between PLBs and NBs and help retailers position their PLBs firmly against NBs.

Hence, the second hypothesis is:

*H2.* In-store PLM positively affects the PLA through the mediating role of PQVs.

*2.2.3 The moderation effect of national brand promotion attitude (NBPA).* Garretson *et al.* (2002) suggest that the perceived quality and perceived brand loyalty of consumers are greater towards NBs than PLBs (Garretson *et al.*, 2002). Although traditionally PLBs were considered low in quality and price, with improved product quality over the years, they now firmly compete with NBs (Choi and Coughlan, 2006). In categories where retailers have been successful in closing the quality variations between NBs and PLBs, consumers are purchasing the PLBs more and more (Hoch and Banerji, 1993). Retailers are focussing and engaging in effective in-store marketing of PLBs to exert market power against many national brand manufacturers (Meza and Sudhir, 2010) and to create sustainable levels of store loyalty among customers. As a result, PLBs are flourishing in various categories.

To retain customers and compete with the growth of PLBs, NB manufacturers often engage in sales promotions or aggressive advertising (Zhou and Wong, 2004) of NBs. Ailawadi *et al.* (2001) highlighted that on average, PLBs are priced almost 30% less than NBs, which can be countered by NB promotions through deals and discounts. Sales promotions by NBs also pre-empt the promotional activities of PLBs (Rao, 1991). Chandon *et al.* (2000) explained that sales promotions from NBs provide consumers with benefits beyond monetary savings, including higher self-perception, higher status and higher acquisition utility from buying NBs at affordable prices, rather than lower prestige PLBs (Richardson *et al.*, 1996).

Therefore, the next hypotheses are:

*H3a.* The effect of in-store PLM on the PLA is moderated by NBPA such that this effect is weaker with high NBPA.

*H3b.* The mediated effect of in-store PLM on the PLA via PQVs is moderated by NBPA such that this effect is weaker with high NBPA.

*2.2.4 The moderation effect of price consciousness (PC).* PC has been defined in various ways by marketing researchers. Lichtenstein *et al.* (1993, p. 235) define PC as the "buyer's unwillingness to pay a higher price for a product". Moreover, a price-conscious buyer has his/her exclusive focus on paying low prices for a product (Lichtenstein *et al.*, 1993). PLBs are purchased, compared to NBs, because of the distinguishing feature of their low prices (Glynn and Chen, 2009). Additionally, retailers are also motivated to plan and deliver better in-store placement, prices, displays to encourage consumers to prefer PLBs over NBs. However, Glynn and Chen (2009) considered PC as an essential reason for consumers' brand choice for both PLBs and NBs. Previous literature asserts that PLB purchase is likely to be positively influenced by consumers' price consciousness (Batra and Sinha, 2000; Wu *et al.*, 2011; Mukherji, 2017). Consumers who are willing to pay low prices prefer buying PLBs and have a positive attitude towards them (Burton *et al.*, 1998; Ailawadi *et al.*, 2001). According to Menon (2018), in the fashion industry, PC has a direct positive relation with the purchase intention of fashion brands.

Therefore, the next hypotheses are:

*H4a.* The effect of in-store PLM on the PLA is moderated by PC such that this effect is stronger with high PC.

*H4b.* The mediated effect of in-store PLM on the PLA via PQVs is moderated by PC such that this effect is stronger with high PC.

For the current study, Figure 1 shows the conceptual model developed based on the insights derived from the literature on the attitude of the consumers towards the PLBs. The study considered five constructs: in-store PLM (independent variable), PLA (dependent variable), PQVs (mediator), PC and NBPA (moderators).

## 3. Methodology
### 3.1 Research context and data collection
Data for the study was collected using a self-administered structured questionnaire from three popular malls in New Delhi for four weeks. All three malls comprised of several departmental and hypermarket stores that offer an extensive portfolio of NBs and PLBs for both men and women. Trained interviewers were deputed at an assigned point in the malls and were asked to reach out to every fifth person to take part in the survey. After seeking willingness to participate in the survey, trainers asked qualifying questions regarding respondents' awareness about PLBs in the apparel category and stores dealing in the fashion

PLBs category in India. Respondents were assured of complete anonymity and confidentiality and were informed that there were no right or wrong answers. The questionnaire was pretested with a sample of 30 consumers to understand the applicability of the scales in the Indian context. Subsequently, few changes were made, and the revised final questionnaire was administered through the mall intercept method. Out of the total 600 questionnaires distributed, 380 responses were finally used after screening responses. Respondents indicated their awareness about PLBs at the beginning of the survey, and 92% expressed that they have bought PLBs in the casual fashion clothing category. The study captured the demographic profile of respondents. The details of the demographics are given in Table 1.

### 3.2 Measurement

The questionnaire consisted of two sections; the first section consisted of items related to PQVs, PC, NBPA, in-store PLM and PLA; and the second section recorded the demographic profile of the respondents. The study used established validated scales from past literature to develop the instrument. All constructs were measured using a seven-point Likert-scale from 1



**Figure 1.**
Research model for investigating the relationship between in-store private label marketing and private label attitude with perceived quality variations as a mediator and national brand promotion attitude and price consciousness as moderators (designed by authors)
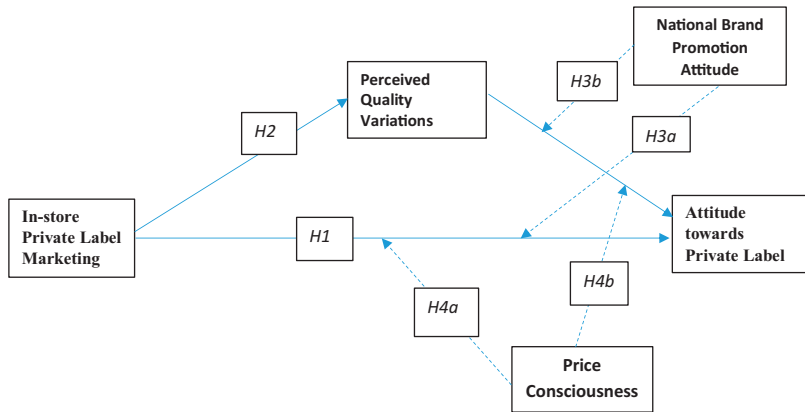
| Demographic characteristics | Items | Sample size ($N = 380$) |
|---|---|---|
| Gender | Male | 179 (47%) |
| | Female | 201 (53%) |
| Age | 18–25 years | 57 (15%) |
| | 26–35 years | 106 (28%) |
| | 36–45 years | 102 (27%) |
| | More than 45 years | 115 (30%) |
| Marital status | Married | 239 (63%) |
| | Unmarried | 141 (37%) |
| Educational qualification | Below graduation | 15 (4%) |
| | Graduation | 323 (85%) |
| | Postgraduation and higher | 42 (11%) |
| Monthly income | US$ 1,000 and below | 69 (18%) |
| | US$ 1,000–3,000 | 106 (28%) |
| | US$ 3,000–5,000 | 148 (39%) |
| | More than US$5,000 | 57 (15%) |

**Table 1.**
Demographic characteristics of respondents

(strongly disagree) to 7 (strongly agree). Four items about in-store PLM were taken from Abril and Rodriguez-Cánovas (2016). Four items on PQVs were adapted from Batra and Sinha's scale (2000). PC items were adapted from Mukherji (2017). To measure the NBPA, items were taken from Manzur *et al.* (2011) and Ailawadi *et al.* (2001). Lastly, items of PLA were adapted from Manzur *et al.* (2011). To reduce the potential for common method variance (Buckley *et al.*, 1990), the questionnaire was designed in such a manner that the items related to various variables were non-sequentially presented.

## 4. Results

### 4.1 Preliminary analysis and measurement model

Firstly, confirmatory factor analysis (CFA) using AMOS 25 was performed to evaluate the dimensionality and psychometric properties of the constructs. A two-stage process was done, namely adequacy of the measurement model and sequential Chi-square different tests (Anderson and Gerbing, 1988). CFA results indicated that the resulting model having all constructs had acceptable fit indices: $\chi2 = 317.74$, degrees of freedom (df) = 215, CMIN/df = 1.478 (less than 5), TLI = 0.974, CFI = 0.978, NFI = 0.935, RFI = 0.923. The value of the Root Mean Square Error of Approximation (RMSEA) was equal to 0.044 (less than the cut-off level of 0.08). The value of the RMSEA, CMIN/df value and all other estimated values were within the threshold values, as recommended by Hair *et al.* (2010). Cronbach's alpha and composite reliability were examined to assess internal consistency, and for all constructs, both were above the threshold of 0.70 (Hair *et al.*, 2010). Table 2 highlights the factor loadings of each item for all constructs, Cronbach's $\alpha$, $t$-value and composite reliability (CR). Further, convergent validity was assessed using the average variance extracted (AVE) of each construct; for all constructs, the value was more than 0.50, as suggested by Fornell and Larcker (1981). Table 3 shows the values of AVE for all constructs, which vary from 0.685 to 0.793. Further discriminant validity was established by comparing the square root of the AVE for each construct with the correlation with any other construct (Fornell and Larcker, 1981). As can be observed from Table 3, the highest correlation between any pair of constructs was 0.346, while the smallest square root of the AVE was 0.828. Overall, the hypothesised model illustrated adequate reliability, convergent and discriminant validity.

### 4.2 Statistical analysis

Data analysis was done in multiple steps. Firstly, to test the first hypothesis (H1), a direct relationship was tested through the path estimation of the structural model. Next, to check H2 hypothesis mediation effects using Preacher and Hayes (2008), INDIRECT macro for SPSS was performed. Next, to examine H3a, H3b, H4a and H4b hypotheses, the moderation effect of NBPA and PC using the PROCESS SPSS macro (Hayes, 2012) was made. In the current study, both mediated models and moderated models used the non-parametric bootstrapping regression technique, and multiple sample iterations were specified.

### 4.3 Results

*4.3.1 Path estimates and mediating effect estimation.* As presented in Table 4 (showing direct and indirect effects), the in-store PLM was positively and significantly related to PLA ($b = 0.198$, $t = 3.179$, $p < 0.001$). Thus, hypothesis H1 was supported. To examine the mediating effect of PQV (mediating variable) on the relationship between in-store PLM (independent variable) and PLA (dependent variable), bootstrapping with 5,000 samples was used to obtain the standard error of the path coefficient. Examining the direct relationship between in-store PLM and PLA shows a significant relationship ($b = 0.208$, $t = 3.212$,

| Constructs and scale items | Estimate | $t$-value | Cronbach's $\alpha$ | CR |
|---|---|---|---|---|
| *Perceived quality variations* | | | 0.904 | 0.915 |
| PQV1 :All brands (national and private brands) of clothing are basically the same in quality | Fixed | | | |
| PQV2: I do not think that there are any significant differences among different brands (national and private brands) of clothing in terms of quality | 1.170 | 16.582 | | |
| PQV3: There are only minor variations among brands (national and private brands) of clothing in terms of quality | 0.984 | 14.250 | | |
| PQV4: While shopping for clothing, I could substitute national brand and store's own brands for each other | 1.139 | 16.427 | | |
| *Price consciousness* | | | 0.921 | 0.927 |
| PC1: Price is the most important factor when I am choosing a brand of clothing | Fixed | | | |
| PC2: I use shopping comparison and search engines to find the best available price | 1.193 | 17.249 | | |
| PC3: It is important to me to get the best prices for the things I buy | 1.152 | 17.409 | | |
| PC4: I compare the prices of at least a few brands before I choose one | 1.104 | 16.318 | | |
| *In-store private label marketing* | | | 0.895 | 0.897 |
| PLM1: Store employees frequently recommend private brands | 1.014 | 15.323 | | |
| PLM2: Private brands have more space on retailer shelves, as compared to other competing national brands | 1.012 | 14.953 | | |
| PLM3: Private brands appear more advertised in retailer leaflets, as compared to other competing national brands | 0.878 | 14.730 | | |
| PLM4: In stores, private brands have more visual elements presentation (posters), as compared to other competing national brands | Fixed | | | |
| *National brand promotion attitude* | | | 0.924 | 0.939 |
| NBPA1: Beyond the money I save, buying national brands on deal makes me happy | Fixed | | | |
| NBPA2: Compared to other people, I am very likely to purchase national brands that come with promotional offers | 1.055 | 20.062 | | |
| NBPA3: I enjoy buying a national brand that is on deal | 0.895 | 17.670 | | |
| NBPA4: I am influenced by special displays of national brands in the store | 0.989 | | | |
| *Attitude towards private label* | | | 0.936 | 0.937 |
| PLA1: Buying private label brands makes me feel good | 1.204 | 18.466 | | |
| PLA2: In general, private label brands are poor-quality products (reverse coded) | 1.291 | 20.221 | | |
| PLA3: I love when private label brands are available for clothing | 1.112 | 18.398 | | |
| PLA4: I look for private label brands when I go shopping | Fixed | | | |

**Table 2.**
Measurement model

**Note(s):** Model fit: $\chi2 = 317.742$; degrees of freedom (df) $= 215$, CMIN/df $= 1.478$, RMSEA $= 0.044$, CFI $= 0.978$, TLI $= 0.974$, RFI $= 0.923$, NFI $= 0.935$

$p < 0.001$), and an indirect effect via PQV is also found to be significant ($b = 0.059$, 95% CI [0.015, 0.125]); this indicates partial mediation of PQV. This supports H2.

*4.3.2 Moderation effects estimation.* The moderating effect of NBPA on the relationship between in-store PLM and PLA via PQV was examined by the approach recommended by Preacher and Hayes (2008). Moderation variables explain how a process operates and how the intervention has a different effect at different values of the moderating variable. In this study, initially, it was examined whether, and at what levels, first moderator NBPA regulates the

strength of the in-store PLM and PLA (directly and through mediator PQV). Next, whether, and at what levels, second moderator PC regulates the strength of the in-store PLM and PLA (directly and through mediator PQV). The results of the moderating effects are presented in Table 5.

| Construct | Mean (SD) | AVE | PQV | PC | In-store PLM | NBPA | PLA |
|---|---|---|---|---|---|---|---|
| Perceived quality variation (PQV) | 3.95 (1.39) | 0.729 | *0.854* | 0.192** | 0.254** | 0.047 | 0.346** |
| Price consciousness (PC) | 5.35 (1.26) | 0.761 | | *0.872* | 0.207** | 0.329** | 0.139* |
| In-store PL marketing (in-store PLM) | 4.44 (1.31) | 0.685 | | | *0.828* | 0.228** | 0.198** |
| National brand promotion attitude (NBPA) | 5.22 (1.41) | 0.793 | | | | *0.891* | 0.048 |
| Attitude towards private label (PLA) | 4.03 (1.36) | 0.789 | | | | | *0.889* |

**Note(s):** Values on the cross diagonals represent the square root of AVE. \*\*$P < 0.01$, \*$P < 0.05$

**Table 3.**
Descriptive statistics (Mean, SD), AVE, correlations and the square root of AVE for study constructs

| Mediation model | Direct effects | | | |
|---|---|---|---|---|
| | *B* | SE | *t* | *p* |
| Direct relationship tested | | | | |
| PLM on PQV | 0.270 | 0.065 | 4.131 | 0.000 |
| PQV on PLA | 0.220 | 0.061 | 3.605 | 0.000 |
| PLM on PLA | 0.208 | 0.065 | 3.212 | 0.001 |
| | Indirect effects | | | |
| *Indirect relationship tested* | | | | |
| | *Value* | *Boot SE* | *LL 95% CI* | *UL 95% CI* |
| H2: PLM on PLA via PQV | 0.059 | 0.027 | 0.015 | 0.125 |

**Note(s):** H1: Direct effect of PLM on PLA = 0.198 ($t = 3.179$, $p < 0.001$) Bootstrap sample size = 5,000, LL = lower limit, UL = upper, CI= Confidence interval

**Table 4.**
Regression results for mediation (direct and indirect effects)

| Analysis 1 | Effect | SE | LLCI | ULCI |
|---|---|---|---|---|
| *Conditional effect of in-store PLM on PLA at different levels* | | | | |
| −1 SD (NBPA) | 0.309* | 0.079 | 0.153 | 0.465 |
| Mean (NBPA) | 0.064 | 0.065 | −0.064 | 0.192 |
| +1 SD (NBPA) | −0.075 | 0.079 | −0.233 | 0.082 |
| *Conditional indirect effect of in-store PLM on PLA (via PQV) at different levels* | | | | |
| −1 SD (NBPA) | 0.047 | 0.035 | −0.016 | 0.120 |
| Mean (NBPA) | 0.088* | 0.031 | 0.033 | 0.151 |
| +1 SD (NBPA) | 0.113* | 0.039 | 0.044 | 0.192 |

**Note(s):** PLM- Private label marketing, NBPA- National brand promotion attitude, PQV- Perceived quality variations, PLA- Attitude towards private label LLCI = lower-level confidence interval; ULCI = upper-level confidence interval *Moderation effect significant as 0 not included in the 95% confidence interval

**Table 5.**
Results of moderation analysis

www.

(1) Moderation effect of NBPA

Results in Table 5 demonstrate the conditional direct effect between in-store PLM and PLA and indirect effect (with PQV as mediator) at different levels of NBPA.

Model 15 was used to estimate the moderation effect of NBPA on the relationship between in-store PLM and PLA and moderated the mediation effect of NBPA between in-store PLM and PLA (via mediator PQV). Firstly, to estimate the impact of moderating variable NBPA on the relationship between in-store PLM and PLA, the interaction term PLM X NBPA is examined to determine whether the NBPA has a moderating effect on the relationship between in-store PLM and PLA. This interaction term was found to be significant ($t = -4.015$, $p < 0.0001$). Thus, NBPA moderates the relationship between in-store PLM and PLA. Further, on analysing the moderation effect, it can be seen that as NBPA increases, the impact of in-store PLM and PLA decreases; however, for a low level of NBPA, this relationship is significant, but for medium and high NBPA, it is not significant. This supports hypothesis H3a.
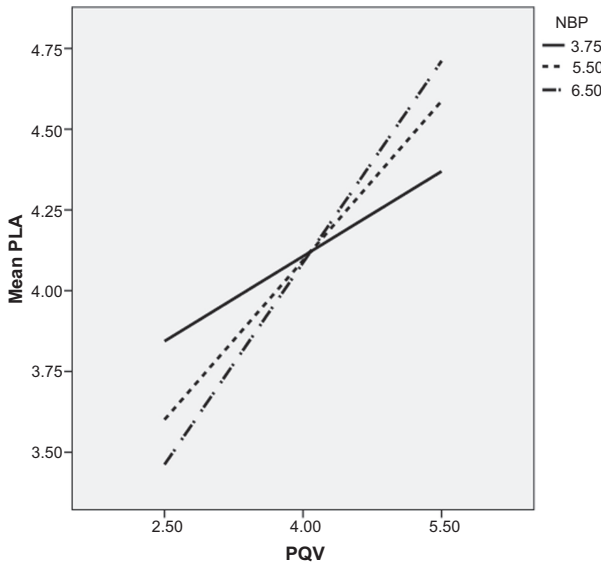
To perform moderated mediation analysis of in-store PLM on PLA via PQV, the interaction term PQV X NBPA (with PLA as outcome variable) was examined. This interaction term was also found to be significant ($t = 2.461$, $p < 0.05$). Thus, NBPA moderates the relationship between in-store PLM and PLA via PQV. However, NBPA does not negatively moderate this relationship. Further, it can be seen that as NBPA increases, the effect of in-store PLM on PLA (via PQV) also increases, and this effect is significant at a medium and high level of NBPA but not at a low level. Thus, hypothesis H3b is partially supported. Figures 2 and 3 present interactive effects of in-store PLM and PLA (NBPA as moderator) and interactive effects of in-store PLM and PLA via PQVs (NBPA as moderator).

(2) Moderation effect of PC

Model 15 was used to estimate the impact of moderating variable PC on the relationship between in-store PLM and PLA. To examine H4a, the interaction term PLM X PC was
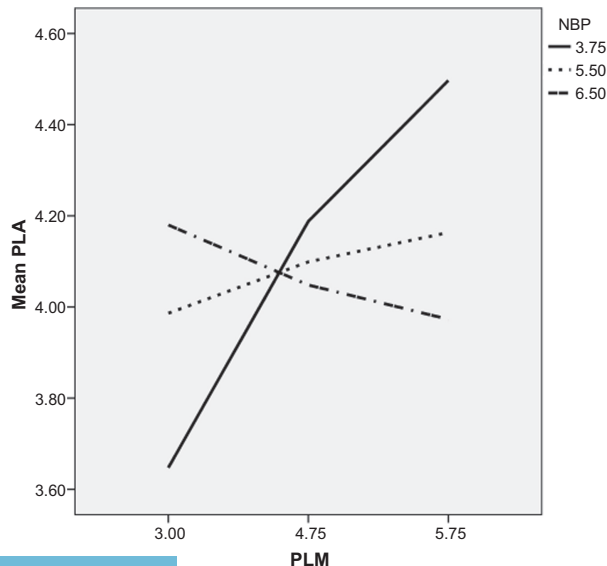


**Figure 2.**
Interactive effects of in-store private label marketing and private label attitude (national brand promotion attitude as moderator)

www.

examined (with PLA as an outcome variable). This interaction term was non-significant ($t = 0.517$, $p > 0.05$); therefore, H4a is rejected. Secondly, to check moderated mediation analysis, the interaction term PQV X PC (with PLA as outcome variable) was examined, and it was also found to be non-significant ($t = 1.218$, $P > 0.05$). Thus, H4b is also rejected. This demonstrates that PC does not moderate the relationship between in-store PLM and PLA.

## 5. Discussions, implications and future scope of the study

This study demonstrates the importance of in-store PLM in improving consumers' perception of quality variation between PLBs and NBs, which is finally found to improve their PLA in the apparel category. In line with Sprott and Shimp (2004), the study provides empirical evidence that in-store PLM strategies such as shelf space, store posters and salesperson's communication play a pivotal role in enhancing the quality perception variations of PLBs vis-à-vis NBs for the apparels. In addition to the importance of PQV between private labels and national brandBs (Glynn and Chen, 2009), consumers' trait of PC is also recognised as an antecedent of consumers' preference for PLBs (Ailawadi *et al.*, 2001; Kara *et al.*, 2009; Sinha and Batra, 1999). The study expected that price-conscious consumers, in the apparel category, would have a positive moderating effect of in-store PLM on attitude for the PLBs. However, results did not find support for this postulation in this context. Since apparel NBs compete with PLBs directly, this research work also examines the moderation effects of consumers' attitude for national brand promotions on the relationships between PLM, PQV and PLA. The study found a significant moderating effect of NBPA on the relationship between in-store PLM and PLA via consumers' PQV. We discuss these findings and their implications in the subsequent sections.

### 5.1 Theoretical implications

The importance of in-store marketing tools in retail marketing has increased in the last few years. Various in-store marketing tools, including shelf space, point-of-purchase posters,

store banners, digital signage and in-store communication, have been found to influence consumers' attention, preference for brands, brand evaluations, brand image and purchase decisions (Zhou and Wong, 2004; Abril and Rodriguez-Cánovas, 2016; Chandon *et al.*, 2009; Muruganantham and Priyadharshini, 2017). This study adds to this body of research by demonstrating the importance of in-store PLM in improving consumers' PLA in the apparel category.

The findings of this study indicate that a positive effect of in-store PLM on consumers' PLA can be achieved through an improvement in the quality perception of apparel PLBs vis-à-vis NBs. Store brands have traditionally been priced lower than NBs (Ailawadi *et al.*, 2001; Sinha and Batra, 1999), which was considered to be the main factor in attracting customers. However, as consumers expect PLBs in apparel to assure and deliver quality comparable to NBs (Corstjens and Lal, 2000), the study highlights how in-store PLM can provide the critical tools to lower the PQV for PLBs against NBs.

The current study found an insignificant moderation effect of PC. This finding may be an indication of the reduced importance of PC in the face of appropriate in-store PLM in apparel stores. Price is generally an essential cue in quality perception when it is difficult for consumers to judge other attributes of the brands (Chocarro *et al.*, 2009; Raghubir and Corfman, 1999; Rao and Monroe, 1988). In-store PLM, including greater brand exposure on shelves, can improve consumers' attention, and evaluation of private labels (Chandon *et al.*, 2009) and communication with salespersons can educate consumers about their attributes and benefits (Abril and Rodriguez-Cánovas, 2016). Such in-store strategies increase consumers' involvement and familiarity with the brands, help them estimate the quality of PLBs more accurately and thereby reduce the weightage attributed to the price in their attitude towards the PLBs (Lichtenstein *et al.*, 1988).

In line with previous research, the current study assumed that in-store PLM efforts are likely to meet some direct competition with NB promotions (Garretson *et al.*, 2002) for consumer's attention (Chandon *et al.*, 2009) and brand evaluation (Raghubir and Corfman, 1999). Hence, a negative moderating influence of NBPA on the effect of in-store PLM on the PQV and PLA was hypothesised. However, it was found that such an effect was only present when NBPA is at low levels, that is, only for consumers who have a relatively unfavourable (or low) attitude towards NB promotions. Such consumers often associate price promotions, especially when they are frequent, with lower product quality. They may also attribute such promotions to a deliberate managerial approach for pushing the brand (Raghubir and Corfman, 1999), leading to unfavourable effects on brand equity and image. This may lead to these consumers developing a general predisposition to dislike all marketing initiatives from those retailers or manufacturers, including in-store PLM. Research on consumer cynicism also suggests that there is a growing group of consumers who are increasingly suspicious of marketing activities of manufacturers and retailers and thereby have an overall distrust for them (Helm, 2004). Hence, in the apparel category, the findings assert that a low attitude for NB promotions is an indication of consumers' underlying distrust for marketing activities, which weakens the effect of in-store PLM on the PLA.

In contrast, a medium or high NB promotion attitude may indicate consumers' openness to different marketing activities. Hence, it does not affect the relationship between in-store PLM and PLA. Previous research has found that NBPA (especially for deals) is higher for value-conscious consumers who have some quality constraints for the price they pay for the products purchased (Garretson *et al.*, 2002; Manzur *et al.*, 2011). Such consumers view deals on NBs as a short-lived opportunity to buy good-quality NBs at a lower price, favour PLBs for their value-based positioning and ascribe lower importance to the price–quality association (Burton *et al.*, 1998; Garretson *et al.*, 2002; Hoskins, 2016). The apparel category is likely to witness more number of such value-conscious consumers because of its characterised variety-seeking behaviour (Bockholdt *et al.*, 2020). It is the combination of these consumers'

value-consciousness (indicated by their favourable attitude for NB promotions) and their openness to marketing activities that lead to the accentuated effect of in-store PLM in lowering PQV for PLBs vis-à-vis NBs. Such an outcome is evident in the findings for the positive moderation effect of medium to high NBPA on the relationship between in-store PLM and PQV.

*5.2 Managerial implications*
Consumers have traditionally perceived PLBs as affordable substitutes to NBs (Hoskins, 2016; Kara *et al.*, 2009), and hence PLBs have struggled for long to create their perception of quality at par (or better) as compared to the established NBs. The findings of the study emphasise the importance of in-store PLM for shrinking quality perception variations of PLBs vis-à-vis NBs to cultivate a positive attitude and influence consumers' decision-making in the long run. By reducing the quality perception variation between PLBs and NBs, the retailers could adopt a more enduring positioning for PLBs as the choice of a "smart-shopper" (Burton *et al.*, 1998; Muruganantham and Priyadharshini, 2017) who makes decisions based on quality vis-à-vis price. This is especially important for PLBs in the apparel category who have been slow to pick, and consumers often perceive them to "lack uniqueness" (Herstein *et al.*, 2013, p. 333). Given the fact that PLBs do not have large out-of-store media budgets like those of NBs (Ailawadi *et al.*, 2001; Manzur *et al.*, 2011), in-store PLM becomes paramount for them to gain consumers' attention and enable their inclusion in consumers' consideration set.

The findings suggest that apparel retailers should provide adequate shelf space, give prominence to their PLBs in the display and train their salespersons to educate consumers about the value PLBs offer, to bridge the gap between quality perceptions for PLBs and NBs. Promotion through in-store posters and pamphlets could also aid consumer recognition of PLBs and help build their image in consumers' minds. The findings also indicate that efforts of the retailer to reduce the quality perception variations of PLBs against NBs should be effective in building a positive attitude of consumers for PLBs irrespective of how price-conscious consumers may be. Hence, improvement in PQV of PLBs against NBs is a critical variable in building consumers' attitudes towards PLBs.

The moderation analysis of the NB promotion attitude also provides important implications for retailers. Since PLBs are often priced 20–30% lower than NBs (Ailawadi, 2001; Sethuraman and Cole, 1999), NBs use price promotions as an opportunity to attract consumers against PLBs. However, all consumers do not have the same attitude towards NB promotions, and their NBPA can effectively guide retailers' decisions about which type of consumers should be targeted for in-store PLM. Low NBPA in consumers weakens the effectiveness of in-store PLM on PLA, while medium to high NBPA in consumers strengthens the effect of in-store PLM in improving quality perceptions of PLBs vis-à-vis NBs. Hence, retailers should target in-store PLM towards consumers with medium to high attitude for NB promotions because their positive attitude for NBPA strengthens the effectiveness of in-store PLM in lowering PQV for PLBs. One of the ways to effectively target in-store PLM could be through training retail salespersons to identify and focus their efforts to market PLBs on consumers seeking (or favouring) NB promotions.

This finding for the moderation effect of NBPA is also critical for national brand managers. Consumers that NBs attract through sales promotions (i.e. the ones with favourable NBPA) are also likely to be the most susceptible to developing a positive attitude for PLBs if quality perceptions for PLBs against NBs are successfully improved. Hence, as apparel PLBs work hard to close the PQV gap between PLBs and NBs, NB managers would have to look for other creative ways of retaining this segment of consumers (medium to high NBPA) in addition to offering promotions. Some NBs are

trying to design and create sub-brands that ensure that NBs do not lose this segment of consumers to PLBs.

*5.3 Limitations and future scope of the study*
This study limits its scope to the effect of some extrinsic store-related cues, namely salesperson's recommendation, shelf space occupied by PLBs, the appearance of PLBs in retailer's leaflets and posters. Future research can bring forth exciting insights by exploring the influence of other store-related cues that may influence consumers' perception and evaluation of PLBs. For example, store environment cues, that is, social, design and ambient cues of the store, may influence the way consumers perceive the quality of PLBs, their attitude and intention for the same (Baker *et al.*, 2002; Hu and Jasper, 2006). Also, future studies can focus on environmental, social or sustainable cues, for example, certified eco-friendly labelling, recycling, fair wages, no child labour, local production, to examine consumers' attitude towards PLBs (Rahman *et al.*, 2020; Mishra *et al.*, 2020).

This research is limited to India and apparel category only. Future studies should focus on other categories of goods and in different market contexts. Currently, private brands have gained momentum in various other consumer product categories, including packaged food, grocery, personal care and home care (Sardana *et al.*, 2019). The trend to introduce PLBs is not just limited to the big brick-and-mortar retailers but also with e-commerce platforms such as Amazon and Flipkart in the Indian market. Although the current study focussed only on the apparel category PLBs, future studies may test this proposed framework for other goods and electronic platforms and explore the nature of this study's hypothesised relationships in different contexts.

Among consumer characteristics, this study examined the effects of PC and consumers' attitude on NB promotions. However, in line with previous studies, further analysis and comparative assessment of demographics and psychographic variables may provide useful insights for segmentation and targeting decisions for PLBs (Ailawadi *et al.*, 2001; Chandon *et al.*, 2009; Sinha and Batra, 1999; and Sethuraman and Cole, 1999). In the category of fast fashion, Bockholdt *et al.* (2020) found that consumers' behaviour and preference for private label apparel differ with various status signalling consumer characteristics, including price orientation, discount proneness and variety seeking. Consumers' knowledge in the category, experience with different brands and brand promotions frequency have also been found to influence consumers' understanding of product attributes, quality variation between brands, a price–quality association for the category (Chocarro *et al.*, 2009; Kara *et al.*, 2009; Rao and Monroe, 1988; Sethuraman and Cole, 1999) and thereby influence their attitude towards PLBs (Kara *et al.*, 2009). Future studies may explore how such consumer expertise in the product category influences the effectiveness of in-store marketing on consumers' attitudes towards PLBs.

In this study, the scope was limited to understanding the effect of PLM on consumers' PLA. Since PLBs and NBs compete in the same stores, a retailer's in-store marketing activities, including marketing mix variables, promotions and consumer characteristics, in favour of PLBs may work in favour of or against the NBs it carries (Abril and Rodriguez-Cánovas, 2016; Bauner *et al.*, 2019; Garretson *et al.*, 2002; Manzur *et al.*, 2011). Hence, future research may provide valuable insights for retailers by exploring how in-store marketing activities for PLBs influence the NBs so that the retailers can effectively increase revenues and avoid explicit clashes between the PLBs and NBs.

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**160**

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