EXPLORING THE EFFECT OF PRIVATE LABEL PRODUCTS ON RETAIL STORE IMAGE AND CONSUMER PERCEPTION

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Abstract

Private label products, or store brands, have become essential in shaping the identity and competitiveness of retail outlets. This study examines how private label attributes—packaging, price, quality, and variety, and availability— impact store image in a developing country context. The research was conducted in Karachi, Pakistan, using data collected from 279 respondents via a structured questionnaire. Multiple regression analysis was employed to evaluate the relationships between the independent variables and store image as the dependent variable. The findings highlight that packaging and price significantly influence the store image. Packaging, which serves as both a functional and visual cue, enhances consumer perceptions of product quality and store identity. Competitive pricing strategies, particularly in price-sensitive markets, positively affect the store's perceived value and attractiveness. On the other hand, attributes such as quality, variety, and availability showed no significant impact, indicating that consumers in developing markets may prioritize external cues like packaging and pricing over intrinsic product attributes. These results emphasize the importance of packaging and pricing in retail strategies, offering actionable insights for retailers to improve their private label offerings and strengthen their overall store image. By investing in visually appealing packaging and adopting competitive pricing strategies, retailers can attract and retain consumers, driving customer loyalty and market differentiation.

Keywords: Private Label Products, Store Brands, Packaging, Pricing Strategies, Store Image, Consumer Perceptions, Retail Competitiveness

INTRODUCTION

In the modern retail landscape, intense competition has compelled retailers to explore innovative strategies to attract and retain customers. One of the most effective strategies to emerge in recent years is the development and promotion of private label products, commonly referred to as store brands. These products, initially perceived as low-quality and cost-effective alternatives to national brands, have undergone a significant transformation. Today, private labels are viewed as value-driven, high-quality offerings that can compete directly with established national and international brands. They serve as a critical differentiator, enabling retailers to create unique value propositions, build customer loyalty, and enhance overall store image (Beneke and Zimmerman, 2014; Martenson, 2007).

Private label products are exclusively designed, marketed, and sold by specific retail outlets. This exclusivity not only grants retailers greater control over the pricing, quality, and availability of these products but also strengthens their brand identity and market positioning (Altintaş et al., 2010). Studies have shown that the perceived value and quality of private labels significantly influence consumer perceptions of the retail store itself. Attributes such as attractive packaging, competitive pricing, and wide product variety contribute to shaping a positive store image and fostering long-term customer loyalty (Calvo Porral and Levy-Mangin, 2016).This study investigates the impact of private label attributes—packaging, price, quality, variety, and availability—on store image in Karachi, Pakistan. Karachi represents a developing market where consumers are highly price-sensitive and exhibit evolving

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preferences. By analyzing consumer responses, this research aims to provide actionable insights for retailers seeking to leverage private labels to gain a competitive edge. Furthermore, the findings contribute to the growing body of literature on private label strategies in developing markets, where limited studies have focused on their role in influencing consumer perceptions and retail success.

Private label products, also referred to as store brands, have become a vital aspect of the global retail landscape. These products, once associated with inferior quality and low prices, have evolved into competitive alternatives to national and international brands (Sahu et al., 2024). As private labels continue to gain traction, understanding their impact on consumer behavior and store image has become increasingly important. Research highlights that private labels significantly influence consumer perceptions of store image through factors such as packaging, pricing, quality, variety, and availability (Jyothi and Rizwana, 2024). Packaging, for instance, serves as a functional and symbolic element, playing a crucial role in communicating product quality, brand identity, and overall consumer value (Monnot et al., 2015). Attractive and innovative packaging not only enhances the aesthetic appeal of private label products but also strengthens the perceived professionalism and reliability of the store itself (Beneke et al., 2015).Pricing is another critical factor in shaping consumer perceptions of private labels. Competitive pricing strategies can enhance perceived value, particularly in price-sensitive markets where affordability often drives purchase decisions. Studies have shown that consumers in developing countries, such as Pakistan, tend to prioritize price over other product attributes, making it an essential component of private label strategy (Calvo Porral and Levy-Mangin, 2016).

Store image, defined as the perception of a store's functional and psychological attributes, encompasses elements such as product quality, variety, and availability (Porter and Claycomb, 1997). A positive store image can increase customer satisfaction, loyalty, and willingness to purchase private label products. However, consumer perceptions of these attributes vary based on cultural and socioeconomic factors, which significantly influence buying behavior in developing markets (Martenson, 2007). While extensive research has been conducted on private labels in developed markets, studies exploring their impact in developing countries remain limited. Developing markets often exhibit unique dynamics, such as heightened price sensitivity and evolving consumer preferences, which can alter the relationship between private labels and store image (Mookherjee et al., 2024). This study aims to bridge this research gap by investigating how private label attributes influence store image in Karachi, Pakistan. By focusing on factors such as packaging, pricing, quality, variety, and availability, this research contributes to the growing body of knowledge on private labels in emerging economies.

METHODOLOGY

This research employs a quantitative approach to examine the relationship between private label attributes—packaging, price, quality, variety, and availability and store image. A structured methodology ensures systematic data collection and analysis to derive meaningful insights.

Research Design

The study adopts a cross-sectional research design, collecting primary data at a single point in time to assess consumer perceptions. The data was gathered using a structured questionnaire comprising 21 close-ended items. Each item was measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), which is widely used in social science research to capture the intensity of respondents' opinions and attitudes (Joshi et al., 2015). This design is particularly suitable for understanding relationships between variables in real-world settings.

Sampling Technique and Sample Size

A random sampling method was employed to select respondents, ensuring each individual in the target population had an equal chance of being included. This approach minimizes selection bias and increases the representativeness of the sample (Taherdoost, 2016). The study targeted 279 respondents in Karachi, Pakistan, a diverse and dynamic urban market. The sample encompassed varied demographic groups, including differences in age, gender, education, and income levels, to enhance the generalizability of the findings. The sample size was deemed appropriate based on the requirements for multiple regression analysis, where a minimum of 10 to 20 observations per variable is recommended (Green, 1991). The inclusion of 279 respondents exceeded this guideline, ensuring robust statistical analysis.

Instrument Reliability and Validity

To ensure the reliability and validity of the research instrument, the questionnaire underwent a pre-testing phase with a subset of respondents. The reliability of the instrument was measured using Cronbach's Alpha, which yielded a value of 0.631. Although slightly below the ideal threshold of 0.7, it is within an acceptable range for exploratory research (Hair et al., 2013). The validity of the questionnaire was assessed using a case processing summary and expert feedback during its development. Construct validity was established by aligning the questionnaire items with the theoretical framework and objectives of the study. This rigorous validation process ensured that the instrument effectively measured the constructs of private label attributes and store image.

Data Analysis

The collected data was analyzed using SPSS (Statistical Package for the Social Sciences), a widely accepted software for quantitative research. Multiple regression analysis was performed to test the hypotheses and determine the impact of the independent variables (packaging, price, quality, variety, and availability) on the dependent variable (store image). Regression analysis is suitable for understanding the degree and direction of influence among variables, making it ideal for this study (Field, 2013). Key outputs, including model summaries, ANOVA results, and coefficients, were used to assess the significance and strength of relationships. This analysis provided actionable insights into which private label attributes most significantly influence store image, guiding retailers in strategy development.

RESULTS

The results of the multiple regression analysis are presented below, providing an overview of the relationships between private labels attributes and store image. The analysis reveals key insights into how various factors influence consumer perceptions of retail stores.

Model Summary

The regression model indicates that the independent variables (private label packaging, price, quality, variety, and availability) collectively explain 18% of the variance in store image (Adjusted R^2 = 0.186). This suggests a moderate relationship between the private label attributes and the perceived image of the store. While this is a significant finding, it indicates that other unmeasured factors might also contribute to shaping store image. The moderate explanatory power underscores the importance of considering a broader set of variables when assessing store image, especially in a developing market like Karachi, Pakistan.

Significant Findings
Packaging (p = 0.000)
Packaging was found to have a significant positive impact on store image. The p-value of 0.000 is well below the commonly used significance level of 0.05, indicating a highly significant relationship. This suggests that consumers perceive well-designed and functional packaging as a reflection of higher product quality and store professionalism. Attractive packaging not only serves to protect the product but also functions as an important marketing tool (Rahman et al., 2024). It helps differentiate private label products from competitors and enhances the overall store image. The importance of packaging in shaping store perceptions aligns with previous research, which highlights that consumers often use packaging as a cue for quality, particularly when evaluating unfamiliar private label brands (Beneke et al., 2015).

Price (p = 0.001)
Price also had a significant positive impact on store image, with a p-value of 0.001. Competitive pricing strategies were shown to positively influence consumer perceptions of value and affordability. This finding is particularly important in a price-sensitive market like Pakistan, where consumers often prioritize cost over other product attributes. Retailers offering private label products at competitive prices are able to enhance store image by creating the perception of providing good value for money. This finding supports the idea that price is a crucial driver of consumer loyalty and store preference, especially in emerging markets where cost sensitivity is heightened (Martenson, 2007).

Non-Significant Findings
Quality (p = 0.324)
Quality, though an important factor in the overall consumer experience, was found to have no significant impact on store image (p = 0.324). This suggests that, in the context of private label products in Karachi, consumers may not prioritize intrinsic product quality as much as extrinsic attributes like packaging and price. This result is somewhat surprising, given that quality is often seen as a key determinant of brand perception. It may indicate that consumers in developing markets rely more on visible cues—such as packaging and pricing—rather than their experiences with product quality, especially when evaluating unfamiliar or non-national brands.

Variety (p = 0.109)
The availability of a wide variety of private label products also showed no significant impact on store image (p = 0.109). Although variety is often considered a crucial factor in consumer choice, this study suggests that consumers in Karachi may not view product variety as a key element in forming store image. This finding could be reflective of the fact that consumers in emerging markets tend to prioritize affordability and quality cues over the range of options available. In a market where many consumers are still developing brand loyalty, the perceived value of a product—driven largely by packaging and price—may outweigh the importance of variety.

Availability (p = 0.136)
Similarly, product availability did not demonstrate a significant relationship with store image (p = 0.136). The lack of significance in this variable could indicate that consumers do not perceive availability as an influential factor when forming their opinions about a store. While product availability is important for convenience, it appears that, in this study, consumers' perceptions of a store's image were more strongly

influenced by the visual and price-related aspects of private label products. Retailers may need to emphasize other factors, such as promotional efforts or in-store placement, to improve consumers' perception of availability.

CONCLUSION

The findings of this study underline the critical role of packaging and price in shaping store image. Packaging serves as an essential communication tool, influencing consumer perceptions of quality and brand identity. Retailers should invest in innovative and visually appealing packaging designs to enhance product appeal and differentiate their offerings. Pricing emerged as another significant factor, particularly in a price-sensitive market like Pakistan. Retailers can leverage competitive pricing strategies to attract cost-conscious consumers and enhance their overall store image. Interestingly, private label quality, variety, and availability did not significantly impact the store image. This could be attributed to the reliance of Pakistani consumers on visible cues such as packaging and price rather than intrinsic product attributes. Retailers should consider these consumer preferences when designing their private label strategies. This study provides valuable insights into the significant relationship between private label attributes and store image. The findings highlight that packaging and price are the most influential factors in shaping consumer perceptions of retail stores. Attractive, functional packaging serves as a strong indicator of product quality, while competitive pricing strategies enhance the perceived value of the store's offerings. These results underscore the importance of both extrinsic cues in shaping the store's image and suggest that retailers must be strategic in managing these elements to align with consumer expectations. The study also reveals that factors such as quality, variety, and availability did not show significant impact on store image in the context of Karachi, Pakistan. This indicates that, in developing markets, consumers may rely more heavily on visible cues like packaging and price, rather than intrinsic product attributes, when forming perceptions about private label products and the retail environment. Retailers in such markets should therefore focus on enhancing the visual appeal and affordability of their private label offerings, as these factors directly contribute to a positive store image and customer loyalty.

Policy Implications
Given the strong influence of packaging and pricing on store image, retailers should prioritize investment in packaging innovation and competitive pricing strategies for their private label products. Well-designed packaging can not only enhance the aesthetic appeal of products but also communicate quality and value to consumers, fostering a strong, positive store image. Retailers must focus on ensuring that packaging aligns with consumers' expectations for quality, making it a key differentiator in competitive retail environments. Additionally, competitive pricing remains a cornerstone of private label success, especially in price-sensitive markets. By offering private label products at attractive prices without compromising perceived quality, retailers can reinforce their reputation as affordable, trustworthy, and value-driven brands. Such strategies can help retailers capture a larger share of the market, build long-term customer loyalty, and improve their competitive position relative to other national and international brands.To remain competitive, retailers should align their private label strategies with the evolving expectations of their consumer base. By doing so, they will not only enhance their store image but also build strong, loyal customer relationships.

Future Research
This study has provided a foundational understanding of the role of private label attributes in shaping

store image within the specific context of Karachi, Pakistan. However, the findings are geographically limited, and future research should aim to expand the geographic scope to include other regions, particularly those in emerging markets. Comparative studies between different regions can provide a more nuanced understanding of how cultural and socioeconomic factors influence the relationship between private labels and store image. Moreover, future research should consider exploring additional variables, such as branding and advertising, which may also play a critical role in shaping consumer perceptions of private label products. Branding, in particular, is a key driver of consumer trust and loyalty, and its influence on store image warrants further investigation. Longitudinal studies could also provide deeper insights into how consumer perceptions of private labels evolve over time, particularly in response to changes in packaging, pricing strategies, and product offerings. Understanding these dynamics can help retailers adapt to changing consumer preferences and market conditions, ensuring that their private label strategies remain relevant and effective in the long run. By extending the scope of future research, scholars can continue to build on the findings of this study, offering retailers valuable insights into consumer behavior and the factors that influence private label success in diverse market environments.

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