

Investigation Of Intrinsic Cues Versus Extrinsic Cues Of Private Labels.

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Abstract: This study explored the investigation on preference of two cues i.e. intrinsic and extrinsic cues of private labels. It is pretty difficult to assume what cues customers may assume before buying the private labels. The study is descriptive in nature and the self-administered questionnaire have been used as a part of research to survey sample size of 155 consumers in in Jalandhar in order to pull out the effective results. The outcome of the study us been analyzed through percentage analysis. The findings suggests that in the modern days buying of the monthly groceries, customers considers unlimited number of factors and they give relative significance to these factors. The results hence proves that customers give almost equal importance to both the cues while considering the purchase of the private labels but most importantly all of these factors have their relative significance when considered individually but collectively, it proves that a considerable amount of people do prefers the intrinsic cues when compared with the extrinsic cues of purchasing the private labels.

Keywords: Extrinsic Cues, Intrinsic Cues, Private label brands, Investigation and Retail.

Introduction

The private labels are basically the products which are being sold by the numerous retailers worldwide alongside the national brands, it is either being manufactured by the retailer itself or being acquired and then packed with their own brand name from the same store (Gopal and Verma, 2019). It ranges from the groceries products to the home based products. The private labels started making its mark in the retailing history in the last couple of decades (Jaisinghani et al., 2019). The rapid industrialization and the invention of the organized retail has led an opportunity for different product categories (Raina et al., 2019). Earlier the national brands were having monopolistic competition but with the invention of the private labels, they are facing a tough competition in numerous segments and factors due to which the marketers of the national brands started to sell or penetrate its products strategically (Sachan & Jawla, 2019). Considering the statements of some of the leading researchers, it has been found that private labels still has not been able to leave its mark in some of the renowned locations of the world and due to which the national products are still doing good in the market (Sachan & Jawla, 2020). On the other hand it has been proved by some other researchers that just like the European markets that the private labels have already been able to build its existence and acceptability among its customers (IBEF, 2016).

Literature Review

Majority of the US retail based customers prefer buying thee private labels because of numerous factors. The private labels has been able to build its existence in last couple of years and had certainly influenced their presence across different categories of the products

available in the market (Sachan & Kumar, 2020). Currently, the leading retail groceries stores are providing huge range of products under their own store name. The share amongst the different product categories of private labels stands more than 70%. Further, a research also interpreted that these products are being offered at 30 percent lesser prices than that of the national brands (Sarmah & Nim, 2019). The European market has also been able to penetrate the similar products with wide range of product categories. They had matured to an extent that most of their customers buy and trust the private labels and national brands equally and are of the opinion that there is hardly any difference in both types of products (Reyes, 2006). Research also highlights that customers prefer the private labels because of the numerous factors but above all the most common factor of the extrinsic cue is the price (Sharad et al., 2019). Most of the customers are also of the perception that when their purchasing power or buying capability is limited then, private labels is one of the most important category which they prefer over national brands in numerous occasions (Sharma & Verma, 2015). Chaniotakis (2010) stated that the way of thinking influence consumer purchase intention as well as perceived of economic situations in research stated that consumer would be try to save more money by purchasing private labels products and during economic downturn if the condition comes to better stage and consumer shift to their familiarity products one could decide to go in an efficient way to establish the hope on private labels. This trust could be predisposed by the professed benefit that affects attitude of the customer (Sharma et al., 2020).

Intrinsic Cues versus Extrinsic Cues

Intrinsic cues as cues that are directly linked with the product whereas extrinsic cues are lower level cues which can be altered without changing any attribute of the product like packaging, price, country of origin and brand name. It has also been found from extensive research that consumers use both intrinsic and extrinsic product cues when developing the overall evaluation of product quality (Aqueveque, 2006). When compared with different elements of private label extrinsic cues, different elements when attached together with national brand, extrinsic cues proved to receive more favorable quality valuation. But when different extrinsic cues were held constant at the level of national brand, the different intrinsic cues proved to be illuminating differences in the quality (Richardson et al., 1996). It is very crucial for marketers to find out whether which particular attribute, the consumers evaluate out of intrinsic and extrinsic cues to be more influential to trace the quality of the product. She also found that during initial purchase of products, whether consumers do have enough of information about intrinsic cues or they rely only on the extrinsic cues (Zeithaml, 1988). In case of purchasing alcoholic beverages, consumers are more influenced by the extrinsic cues like price, company name, seal of approval and advertising. On the other hand the intrinsic cue like alcoholic content was also found out to be significant in their research (Idoko, et al., 2013). The consumers while purchasing the product must stick with the extrinsic cues of the product because of less definite knowledge required, rather than opting the intrinsic cues of the product because of high level of objective knowledge which might be complicated for the consumers to evaluate the intrinsic cues (Veale and Quester, 2009). In order to differentiate between the intrinsic and extrinsic quality cue and perceived intrinsic and extrinsic quality cues as consumers do not recognize some of these cues can be the indicators of quality. Based on the extensive research while purchasing beef, they found that the consumers take into account the perceived intrinsic cues like color, freshness and visible fats whereas perceived extrinsic cues like price, promotion, store image, presentation and designation of origin (Acebron and Dopico, 1999). Extrinsic cues plays a significant role in persuading consumers' purchasing decision as compared to intrinsic cues (Richardson et al., 1996). The effects of intrinsic and extrinsic quality attributes, in case protected designation of origin of olive oil the outcome reveals that that there is a presence of major effects of intrinsic

perceived quality on satisfaction and loyalty of the consumer. There is no such proof found to support the linkage of extrinsic attributes on satisfaction and loyalty of consumers. In case of combined protected designation of origin of air cured ham, they found that the effects of intrinsic perceived quality on satisfaction and loyalty of consumer are not substantial whereas the effects of extrinsic perceived quality is substantial in this (Espejel et al., 2007). An intrinsic product cue may be any product attribute that is internal to that product like taste of a food item whereas an extrinsic cue is an attribute of the product that is not inherited in the good or services like brand or store image and price (Teas and Agarwal, 2000). Hence we can infer that the customer take into account either or both intrinsic and extrinsic cues, according to different prevailing conditions in the market, in order to make the appropriate purchase decision.

Research Gaps

A lot of research has been conducted to investigate locating different intrinsic cues but research didn't encounter a single study where the intrinsic and extrinsic cues has been compared to bring the most effective cues out of the two.

Research Questions

RQ.1. To examine the most appropriate cues considered by one for purchasing the private labels.

Research Methodology

Self-administered open-ended and close-ended questionnaire were surveyed from consumers who purchase their monthly groceries, and also who must have consumed private label products in the past. It consists of statements answered on Likert Scale, where respondents can indicate their degree of agreement or disagreement on a five-point scale-Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. The scale used in the study was ordinal scale as it is a rank order scale in which the numbers are assigned to the objects to determine the relative extent to which characteristics is possessed (Chan et al., 2009). A pilot study was conducted to find out the relevance and reliability of the questionnaire. The statistical measures were conducted using the percentage analysis for drawing the inferences from the study.

Discussions with Results

The results highlighted in this study is based on the percentage analysis, as it helps one to analyze the first hand data effectively and also helps the individuals to understand the interpretation easily, based on the graphical presentation.

Table:1 Age

Age Category	Percentage	Respondents
18-25	56	86
26-33	31	48
34-41	8	13
42-49	4	6
50 and above	1	2

It could be illustrated from the above Table:1 (rounded off) that around 56 percent of the respondents belong to the age group of 18-25 followed by 31 percent belonging to the age group of 26-33, 8 percent in the age category of 34-41, 4 percent in the age category of 42-49 and only 1 percent in the age category of 50 and above. The above percentages and number of respondents represents different age category that gets influenced with different Indian sports leagues as well as celebrities endorsements in sports leagues in India.

Table:2 Intrinsic cues

Factors	Percentage	Respondents
Taste	50	78
Packing	28	43
Color/texture	10	16
Ingredients	7	11
Others	5	7

The above Table:2 (rounded off) illustrates the different factors of Intrinsic cues on which the customers prefers over the other in case of private labels. According to this study 50 percent of the respondent feels that the taste of the products matters them the most while preferring the private labels. Next 28 percent of them buy the private labels considering the intrinsic cues i.e packing as one of the important factor. 10 percent of them prefers the private labels because of the Color/texture. The next 7 percent feels that ingredients matter the most for them while considering the private labels, the remaining 5 percent customers think other factors fetch them towards the private labels. Overall, 50 percent customer feels that taste is one of the most significant or crucial component as a part of intrinsic cues while considering the private label purchase.

Table: 3 Extrinsic cues

Factors	Percentage	Respondents
Store Reputation	35	55
Price	38	59
Quality	18	28
Promotion	8	12
Others	1	1

The above Table:3 (rounded off) highlights that 35 percent of the respondents feels that store reputation is one of the most important factor, one considered while keeping in mind the extrinsic cues of the private labels. The majority 38 percent respondents feels that price as extrinsic cues remains one of the most important component of their purchase in case of private labels. Quality stands at 18 percent as per the preference of the respondents because majority of them buy the private labels because of most common and extensive factors i.e. Store reputation and the price. The next 8 percent respondents feels that promotion is also fetching them buy the private labels, while they purchase their monthly groceries in these stores, which provides both private labels and national brands. The last 1 percent of the respondents feels that some other factor as the part of extrinsic cues make them prefer the private labels over the national brands.

Table: 4 Intrinsic cues versus Extrinsic cues

5 point Likert Scale	Intrinsic cues	Extrinsic cues
Totally Agree	59	54
Agree	48	51
Neutral	32	32
Disagree	14	16

Totally Disagree	2	2
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The above Table:4 (rounded off) illustrates the collective selection by the respondents for both the cues in case of private labels purchase on the basis of five point likert scale. It could be illustrated that 59 percent of the respondents prefers the intrinsic cues over the extrinsic cues i.e. 54 percent while purchasing the private label products. The next part of analysis shows that 48 percent prefers intrinsic cues as compared to 51 percent in case of extrinsic cues while considering the purchase of private labels. Most importantly same amount of respondents i.e. 32 percent remained neutral as they feel both the cues are equally important and been considered while making the purchase of the private labels. 14 percent in intrinsic cues as compared to 16 percent extrinsic cues, the respondents disagree that these two factor does not play any effective role in purchasing the private label products. The last but not considering the least the similar amount of people i.e.2 percent are of the perception that the just buy the private labels, just because they want these products and never in depth considered these factors while purchasing their monthly groceries.

Conclusion

The origin of the private labels has contributed a milestone in the retailing history. The increasing trend of the retail industry particularly the organized retailing has led to the presence of private labels along with the national brands. The retail industry has been able to penetrate its existence since last 2 decades with the increasing likeability and acceptability among the people of the country (IBEF, 2016). People rather customers these days are quite smart and know what factors has to be considered while making a purchase, it’s been history, when one use to make a list and hand it over the kirana store nearby. But in the modern days buying of the monthly groceries, customers considers unlimited number of factors and they give relative significance to these factors. The results hence proves that customers give almost equal importance to both the cues while considering the purchase of the private labels but most importantly all of these factors have their relative significance when considered individually. While taking into account the factors being considered collectively and further being analyzed, it proves that a considerable amount of people do prefers the intrinsic cues when compared with the extrinsic cues of purchasing the private labels. The findings of the study also suggests that the customers become more updated on these cues day by day after having an exposure and an experience while buying these on regular intervals. The retailers also needs to ensure that they keep themselves updated on regular occasions about the customers’ changing perception and needs to design effective marketing strategies in order to attain selling the private labels alongside national brands and keep up the customer satisfaction as well.

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