Motivating purchase of private label brands: Effects of Store image, price consciousness and perceived quality

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1. Introduction

1.1. Background and Context

Private label Brands (PLBs) are explained as “store brands”, which are possessed by whole-sale or retailer (Hyman et al., 2010). According to Nielson (2014) played a significant role in Canada as well as numerous European markets. Earlier private label brands are considered as cheap, fewer quality unbranded alternatives in comparison to national brand but currently PLBs are seen as a trusted brands with equity(Cuneo, Lopez & Yague, 2012) and compete head-to-head with national brands(Huang & Huddleston, 2009). This has become apparent in current years that PLB are almost found in every category of product, as launched by retailers (Collins-Dodd & Lindley, 2003; Vahie & Paswan, 2006). According to PLMA(2015), PLBs’ penetrated in Western European market and shown more than 50% of sales volume in Switzerland and Spain while shown 40% more penetration in main markets such as Austria, Portugal, Belgium , Germany and United Kingdom. Retailer’s competitive strategy and differentiation can be significantly affected by PLB’s from perspective of retailer (Lymperopoulos et al., 2010). Presently PLB’s found in each and every category, specifically in grocery section (Lamey et al., 2007; Beneke, 2010). In reality, in the food industry, globally there is rise in the PLB’s market share and penetration, while PLBs seen a good growth in food products (Lassoued and Hobbs, 2015).

Retailers of numerous nations establish a optimistic brand image in terms of price they offer, promotions they generate and services they deliver sideways the brands they sell (Ailawadi and Keller, 2004). According to AC Neilson Report, 2005, 56% Indians accepted that PLBs as a better alternative in comparison to national brands. PLBs observed success in category of higher purchase, toughest in commodity-driven and where buyers perceive little differentiation. Neilson surveyed 30000 online buyers in 60 nations and shared some observations such as price plays a significant role in the purchase of PLB’s and secondly consumers attracted to PLBs due to quality and value(62% buyers experienced like smart shopper while 67% feel that PLBs offers extremely better value for money.

PLBs’ has seen a great success in Western European market. It accounts for 33% of overall consumer packaged goods market. U K and Spain captured a 41% market of PLBs while Switzerland has captured highest share of PLB market as 45%.

Need of the research: Clothes are most preferred category after FMCG/Grocery category. Retailers are gaining more profits and margins through PLBs’. During earlier phase private label brands was smaller portion of retailer goods but now it takes a significant portion in merchandise. Shoppers are more eager to know about the goods of the store prior making any purchase; similar situation appears in Gujarat also. The current study focuses to get the idea about the purchase behavior of customers towards PLBs’ taking into consideration some perceptual factors such as store image, price consciousness and perceived quality. Clothes are basically higher price merchandise than grocery.

The present study is undertaken to understand the profile of customers visiting retail outlets like Pantaloons, West Side and Wills Lifestyle. To address this, the researcher has studied the some factors (perceptual) affecting consumers purchase intention of Gujarat State (Ahmedabad and Surat).

1.2 Research Objective

- To study about the impact of demographic factors of the respondents on intention to purchase private label brands (apparels).
To study about the impact of perceptual factors (store image, price consciousness and perceived quality) of respondents on purchase intention to buy PLBs(apparels)

2. Literature Review
2.1. Perceptual Factors
2.1.1. Store Image perceptions
Osman (1993) gauged that an image of store will be created on the basis of shopper's assessment of the individual store's characteristics. Greenburg et al., (1983) did study on fashion sector and identified some main variables in creating the store image for retail outlets are product choice, promotions and atmosphere.

The merchandise value can be increased with a store with a decent image (Moore, 1995) by decreasing the perceived risk of purchasing the brand (Semeijn et al., 2004), by disclosing the store as the endorser of the brand. Liljander et al., 2009 examined that consumers' purchase intention towards PLBs is influenced by store image. Store image indirectly influence the shopper's decision as to where to shop and directly reveal the retailers image where in it might affect the perceived quality of merchandise they hold(Leon and Leslie, 2007). Customers use image of store as cues in their purchasing procedure because it's helpful in the formation of store image perceptions (Richardson et al., 1994).Consumer’s eagerness to purchase PLB is affected by store image and thus consumer can also measure the quality of PLBs’ (Bao et al., 2011). So, Purchase intention is not only affected indirectly by store image via quality perception but also affected directly as per literature (Bao et al., 2011)

H1: Consumer’s perceptions of store image have a direct and positive influence on PLB Purchase Intention

2.1.2. Price consciousness
Price conscious consumers have positive attitude towards store brands, as they are getting at lower price than national brands, so they are more store brand prone (Omar, 1996; Baltas and Doyle, 1998; Burton et al., 1998; Aliwadi et al., 2001; Medina et al., 2002; Hansen et al., 2006). Raju, Sethuraman and Dhar, 1995 argue that private label is doing better in categories where consumers are conscious.

Earlier research shows that price being the major selling for PL brands. PLBs’ are sold largely due to price, proven by the prior research(e.g. Bellizzi et al., 1981; Cunningham et al., 1982; Richardson et al., 1994; Hoch, 1996; De Wulf et al., 2005).Sivakumar and Raj(1997) mention that customers are buying PLB frequently due to their low price and they cannot afford NBs.

Consumers who are highly price-conscious are inclined to purchase PLBs’ due to their competitive pricing and they focus only on price related features and foregoing other product features (Ailawadi et al., 2001; Hansen et al., 2006).Swaroop Chandra Sahoo and Prakash Chandra Dash (2010) mention in his research that Indian consumers are looking for best prices after making a comparison between the prices of product they intend to buy.

H2: The greater the price consciousness, the greater the PLB purchase intention

2.1.3. Perceived Quality
PLB success can be explained in better way through high quality rather than fewer price (Sethuraman, 1992; Hoch and Banerji, 1993). Richardson et al., 1994 showed in research that store brand success is based on the extent to which consumers are communicated by retailers about the quality aspects rather lower price. It has stated that the improvement in quality by the store brands and rise in price consciousness may lead to growth of store brands (Sinha and Batra, 1999).

The very significant element of SB success is perceived quality (Sprott and Shimp, 2004) and having sizeable impact on intention to purchase (Bao et al., 2011; Dick et al., 1995) and sometimes more than perceived value of SBs (Richardson et al. 1994).As per Burton et al., 1998; Garretson et al., 2002; Jin and Suh, 2005, SB purchase intention and SB choice are linked to SB perceived quality.

Batra and Sinha (2000) identified that PLB purchases are indirectly affected by perceived quality variation, through consequences of creating a mistake in choice of brand. The ability to provide a reasonable level of perceived quality is the main success factor of PLB (Hoch and Banerji 1993; Del Vecchio 2001). According to literature, price and quality are the most significant aspects of the private label research due to interrelations (Erdem et al., 2004; Hoch and Banerji, 1993; Lin and Chang, 2003).

H3: Perceived quality of Private Label Brand positively affects the PLB purchase intention

2.1.4. Purchase Intention
Consumer behavior and purchase intention are affected through perceptual factors as stated by Cognitive-affective model. While evaluating and considering particular product, Purchase Intention is considered as a significant element (Keller, 2001). The value perception, quality perception and price plays an significant
role in alteration of Purchase Intention (Zeithaml, 1988) and Grewal et al.(1998). Upsurge in purchase intention is understood as an upsurge in the possibility of purchasing (Dodds et al., 1991; Schiffman and Kanuk, 2007).

Consumers Purchase intention means “the probability that buyers will design or be eager to buy a definite service or product in the forthcoming” (Wu et al. 2011, p.32) and it is regarded as accurate precedent stage from indulging in the real purchase behavior (De Magistris and Gracia, 2008).

2.2. Demographic Characteristics

Research study analyzed that demographic variable to recognize store brand consumers are not totally decisive. Some studies related with age variable identified that store brands are extensively used by young consumers (Cunningham et al., 1982; Omar, 1996; Dick et al., 1995), while other study found that there is insignificant relationship exists among age and store brand proneness (Richardson et al., 1996; Burton et al., 1998).

Consumer's social status is measured as one of the significant factor that effect the buying of store brands (Baltas, 2003). Income should negatively affect both attitudes and purchase intention since social status and particularly income determine customer preference towards store brands (Baltas&Argoulsidis, 2007; Baltas, 2003).

Some of the factors which are most relevant to influence consumer choice are social class (Baltas, 1997), income (Richardson et al., 1996; Zeithaml, 1985), homemaker's working condition (Zeithaml, 1985) and family size (Richardson et al., 1996; TNS, 2009).

Pandya and Joshi (2012) studied the consumer's attitude towards PLB by concentrating on three categories i.e. effect of marital status, age and profession on purchasing behavior was taken into consideration.

H4: Gender influence the PLB purchase intention
H5: Consumer's proneness to buy private label brand depends on age
H6: Marital Status influence on the purchase intention towards PLBs
H7: Education influences consumers' purchase intention towards PLBs
H8: Greater household income reduces purchase intention towards PLBs
H9: Large households are more prone to buy PLBs

2.3. Model of the Study

3. Research Methodology

3.1. Research Design

Research design is one kind of blueprint for conducting the research project. Research design forms the basis for conducting the project. Two methods are used in research design. One method is exploratory design to gain better understanding about the research area is being studied while descriptive design will be used to get more information about the research problem. The researcher has taken descriptive research design for the research study.

3.2. Sampling Technique

The data was collected to study about the impact of store image, price consciousness and perceived quality on consumers' purchase intention towards PLBs'. Survey method was adopted for this study. The sample size was taken as 237 approximately. The sample unit taken was the consumers of Pantaloons, Westside and Wills lifestyle. A structured non-distinguished questionnaire was designed to collect the data for this study. The sampling technique used for the study is convenience sampling through mall intercept study. The extent of research was limited to cities like Ahmedabad and Surat. The researcher personally involved in filled up
the questionnaire at Ahmedabad and taken help of colleagues and friends to fill up the questionnaire at cities like Surat.

3.3. Design of Questionnaire
The initial some questions include the store name, shopping frequency, preference towards purchase private label brands and average money consumed on trip for shopping. This is followed by the scales taken from the past research. Lastly questionnaire also includes questions on demographic details of the respondents such as age, gender, education, marital status and monthly earning.

3.4. Scale Development
The scales taken were measured on the Likert scale in which researcher asked respondents to express their level of agreement on the given statements of the questionnaire (1= Strongly Disagree to 5= strongly agree) The Likert scale has certain advantages like simple to construct and administer. Respondents readily understand how to use the scale, making it appropriate for mail, telephone, or personal interview.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scales used to measure this variable</th>
<th>Type of measurement used to measure this variable</th>
<th>No. of statements</th>
<th>Source of the scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptual Factors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store Image</td>
<td>Interval Scale</td>
<td>Five Point Rating Likert Scale</td>
<td>6</td>
<td>Collins-Dodd and Lindley, 2003</td>
</tr>
<tr>
<td>Price Consciousness</td>
<td>Interval Scale</td>
<td>Five Point Rating Likert Scale</td>
<td>4</td>
<td>Sinha and Batra, 1999</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>Interval Scale</td>
<td>Five Point Rating Likert Scale</td>
<td>3</td>
<td>Yoo et al.,(2000)</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Interval Scale</td>
<td>Five Point Rating Likert Scale</td>
<td>4</td>
<td>Grewal et al.,(1998), Liljander et al.(2009)</td>
</tr>
</tbody>
</table>

Data Collection
Personal interview method of data collection was used. The researcher personally involved in filled up the questionnaire at Ahmedabad and taken help of colleagues and friends to fill up the questionnaire at cities Ahmedabad and Surat.

4. Data Analysis and Interpretation
Statistical Package for Social Study (SPSS) was used for data preparation and analysis. For data preparation, descriptive statistics, independent sample t-test and reliability testing and multiple regressions, SPSS software were used.

4.1. Demographic profile of the samples

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>109</td>
<td>46.0</td>
</tr>
<tr>
<td>Female</td>
<td>128</td>
<td>54.0</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>&gt;25 years</td>
<td>111</td>
<td>46.8</td>
</tr>
<tr>
<td>26-35 years</td>
<td>49</td>
<td>20.7</td>
<td></td>
</tr>
<tr>
<td>36-45 years</td>
<td>43</td>
<td>18.1</td>
<td></td>
</tr>
<tr>
<td>46-55 years</td>
<td>19</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>&lt;55 years</td>
<td>15</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>120</td>
<td>50.6</td>
</tr>
<tr>
<td>Married</td>
<td>117</td>
<td>49.4</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Below Secondary</td>
<td>21</td>
<td>8.9</td>
</tr>
<tr>
<td>Secondary</td>
<td>55</td>
<td>23.2</td>
<td></td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>82</td>
<td>34.6</td>
<td></td>
</tr>
<tr>
<td>Master Degree</td>
<td>65</td>
<td>27.4</td>
<td></td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>5</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>9</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Monthly Income</td>
<td>&lt;15000</td>
<td>69</td>
<td>29.1</td>
</tr>
</tbody>
</table>
The Demographic analysis shows that the majority of females i.e. 54% are buying PLBs (apparels) in comparison to males (46%). It also shows that the purchasing the private label apparels are below the age of 25 years (i.e. 46.8%). Single ones are purchasing higher than married respondents (i.e. 50.6%). Education level of most of the respondents is Bachelor’s Degree (i.e. 34.6%) followed by Master’s Degree (i.e. 27.4%). Most of the family income is 30001-50000 (i.e. 29.5%). Number of family members is 4 to 6 then they prefer to buy PLB apparels (i.e. 51.9%).

### 4.2. Reliability

Regression method was appropriate to measure the association between dependent and independent variable. Dependent variable was taken as Purchase Intention and Independent variable taken as Store image, price consciousness and perceived quality.

#### Reliability Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of variables</th>
<th>Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image</td>
<td>6</td>
<td>.678</td>
</tr>
<tr>
<td>Price Consciousness</td>
<td>4</td>
<td>.744</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>3</td>
<td>.697</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>4</td>
<td>.684</td>
</tr>
</tbody>
</table>

The data was collected through 237 consumers. To measure reliability statistics, coefficient alpha (Cronbach, 1991) was used. It also measures the internal consistency of the items on the scale.

### 4.3. Hypothesis Testing

#### 4.3.1. Regression Analysis

Purchase Intention was measured on the base of the average of all statements (taken as dependent variable.) Purchase Intention comprises of four statements. The F- statistics results (table 4) signifies the significant relationship between perceptual variables and purchase Intention (F =, sig= 0.00)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression Total</td>
<td>25.382</td>
<td>3</td>
<td>8.461</td>
<td>20.783</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual Total</td>
<td>94.854</td>
<td>233</td>
<td>.407</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120.236</td>
<td>236</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

P<0.05: Model is fit

As shown in the table No 5, R square is measure of model explanatory power. It tells that explanatory variables (independent ones) have explained 21.1 % of the variation in purchase intention.

#### Summary of Model (Table No: 5)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std Error of the Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.459</td>
<td>.211</td>
<td>.201</td>
<td>.63804</td>
</tr>
</tbody>
</table>

(Shows significant relationship between Purchase intention with perceptual variables)
1. Table No – 6 shows the three items of perceptual variables (store image, price consciousness and perceived quality have VIF values are 1.139, 1.007 and 1.138). So there is no issue of multicollinearity.

2. Results of the simultaneous multiple regressions tested for Consumers Purchase Intention (Table No : 6)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta(B)</th>
<th>T(t)</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image</td>
<td>.340</td>
<td>5.473</td>
<td>.000*</td>
<td>1.139</td>
</tr>
<tr>
<td>Price Consciousness</td>
<td>.008</td>
<td>.143</td>
<td>.887</td>
<td>1.007</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>.214</td>
<td>3.442</td>
<td>.001*</td>
<td>1.138</td>
</tr>
</tbody>
</table>

Discussions:
SPSS software was used for performing Data Analysis. For purchase intention, regression analysis results three variables are significant i.e. store image and perceived quality are significant. i.e. perceptual variables with model fit with R square value=.211. On the contrary, for Beta value of store image = .340, Perceived Quality = .214 and Price consciousness = .008 is supported. Weightage should be given on the basis of Beta value. So, Hypothesis H₁ and H₃ were supported

4.3.2. Demographic Analysis

Demographic Analysis was done to exhibit the relationship between study variable (i.e. Purchase Intention) and other demographic variables like gender, age, marital status, education, monthly income, number of members in the family of respondents.

T-test was applied on the gender and marital status because t-test is applied when dependent variable is metric and independent variable is categorical with two categories. Then equality of variance is critical which is again measured through Levene's Test. After that Hypothesis testing was done.

Anova test was applied on the age, education, Monthly income, number of members to test the presence of any differential effect of these given variables on study variables and this test is appropriate in these circumstances. This statistical test is applicable when dependent variable is metric and independent variable is categorical with more than two categories. The assumption of equality of variance is critical which is measured through Levene's Test. After that Hypothesis testing was done.

<table>
<thead>
<tr>
<th>Study Variables</th>
<th>Demographic Variables</th>
<th>Significant Value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>Gender</td>
<td>.509</td>
<td>H₄ not supported</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Age</td>
<td>.108</td>
<td>H₅ not supported</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Marital Status</td>
<td>.978</td>
<td>H₆ not supported</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Education</td>
<td>.009*</td>
<td>H₇ is supported</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Monthly income</td>
<td>.642</td>
<td>H₈ is not supported</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Number of Members of family</td>
<td>.914</td>
<td>H₉ is not supported</td>
</tr>
</tbody>
</table>

Post-hoc analysis was performed for those study variables which were found to be significant. Tukey's post-hoc analysis was performed to address which group categories create significant differences in overall. Post-hoc analysis was done between Purchase intention and Education

<table>
<thead>
<tr>
<th>Purchase Intention and Education</th>
<th>Group Comparison</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below Secondary- Master Degree</td>
<td>.018*</td>
</tr>
</tbody>
</table>

Hypothesis H₇ supported the study.

5. Findings

So, Hypothesis H₁, H₃, H₇ were accepted while H₂, H₄, H₅, H₆, H₈ and H₉ were rejected.

Findings (A): The perceptual variable taken in the research study was store image, price consciousness and perceived quality. The perceptual factors like store image and perceived quality having significant impact on intention to purchase private label brands (apparels)

6. References


