

Brand or Availability: How Store Image Affects the Customer Perception towards Private Label Products

Dr. T.V. Ambuli, R. Surendher

Department of Management Studies, Jerusalem college of Engineering, Chennai, India

Abstract: This paper explains how store image affects the customer perception towards the purchase of groceries from private label brands than top brands. This paper investigates the various dimension of store image, which affect the perception of shoppers towards private label brands. This study identifies the factors that are deemed to be the most important by customers that influence their perception of store image. The research design chosen for the study is descriptive research and Convenience sampling technique was used to collect data from the customers. The data was collected through structured questionnaires from 130 respondents to identify the effects of the factors of store image on customer perception. . This study used Correlation and Anova for analysis, Results from the tool indicated that the there is a positive relationship between the store image and private label product image among the customers. Further the study identified that Independent variables Labeling, Quality and price of the product has a significant effect on customer willingness to purchase groceries from private label brands rather than tops brands.

Keywords: store image, store atmosphere, music, merchandise quality, service, price, convenience, customer perception.

I. INTRODUCTION

A private label product is manufactured by a contract or third-party manufacturer and sold under a retailer's brand name. The benefits retailers have take in from private label brands include, increased profitability through cost saving, increased store loyalty and the creation of a distinct corporate image. The major challenge that private label brand growth faces is skepticism from consumers (DelVecchio 2001). This is because consumers associate the lower price positioning with lower quality. To overcome this, retailers have embarked on strategies which include product innovation, quality improvements, packaging improvements and advertising and/or promotion (SIRIG, 2012). In the United Kingdom, a leader in terms of private label brand growth, retailers have been known to invest in marketing to reiterate to consumers that buying private label brands does not mean compromising on quality (SIRIG, 2012).

"Recent insight shows the retailers have pushed their private labels to fill the gaps in supply chain due to production shortage and transportation from manufacturers."

It has ramped up capacities in almost all essentials categories ranging from - pulses, flours, rice, oil amongst others, besides other key categories in personal and home care products such as hand wash, sanitiser, and cleaners to ensure availability of stocks at its stores during the lockdown.

In India, Leading retailers Future Retail, Walmart and Metro Cash & Carry have also witnessed a spike in their private labels as supply lines from other manufacturers are disrupted amid the lockdown. Bengaluru based Department store chain Lifestyle International, has partnered ecommerce firm Flipkart Group to sell nearly a dozen of its private labels on online marketplaces including Myntra and Flipkart, that has a combined consumer base of 160 million.

From the consumer's perspective, Extant studies have demonstrated that are an inherent part of the core of product (i.e. intrinsic) such as texture, style, fitting and stitching (Olson, 1972; Olson and Jacoby, 1973; Richardson and Dick, 1994) as well as cues that are somewhat external to the core of, although not completely detached to, the product (i.e. extrinsic) such as the price, product's brand name and packaging (Olson, 1972; Olson and Jacoby, 1973; Richardson and Dick, 1994), play a big part in influencing the Private Label Brand purchase decision.

II. LITERATURE REVIEW

Private label brand image: Its relationship with store image and national brand Archna Vahie AD Audhesh K Paswan Infer that to boost the image of their PLBs, stores need to focus on the store quality dimension, since it affects both quality and affective dimensions of PLB. Other SI dimensions that have a significant effect on either PLB-quality or PLB-affective dimensions are store atmosphere, convenience, and price/value dimensions. Regarding the presence of NBs in a store, even if it is in congruence with the SI, it has a detrimental effect on both the quality and affective dimension of PLB, unless the PLB image and NB image are seen as congruent. Managers should ensure that the NBs carried by their store harmonize with their own PLB image. Originality/value – This study provides answers to a crucial question – "How to improve the consumer perception of private label brand?"

The Influence of Retail Chain Structure on Private Label Brand Perception in Zimbabwe: The Effect of Border Towns Sarah, Douglas, Hope & Tariro An assessment was made of private label brand perception in two locations of Zimbabwe (1) Bulawayo, a city close to the Botswana border and (2) Harare and Bindura which are central cities/towns. They concluded that proximity to well-known and highly regarded South African retail chains in Botswana negatively affected local private label brand perceptions in Bulawayo. This is because for some basic commodities, items in Botswana (both

national brands and South African private label brands) tend to be cheaper than the same items in Zimbabwe. It means that in border towns local private label brands can lose their competitiveness.

Results of the Collins-Dodd & Lindley (2003) study illustrated that there was a strong positive correlation between store image and private label brand perception and thus sales. Other factors which have been illustrated to affect private label brand growth include income level (Richardson et al 1996), age of consumer, price consciousness and the level at which consumers believe that brands reflect social status (DelVecchio, 2001; Rzem and Debabi, 2012; Nyengerai et al, 2013).

According to Dick et al. (1997), consumers base judgment of brand quality on direct and indirect factors. Direct attributes include ingredients, taste and texture, whilst indirect factors are represented by price and brand name. Direct factors are usually difficult for consumers to test without consuming the product, or completing various tests. Hence, reliance on indirect quality indicators such as brand name and price are more heavily relied upon. The authors thus suggest that a thorough understanding of how these indirect cues impact different consumer

groups in their purchasing decisions may help retailers to improve success of private label brands. Through further investigation, they identified brand, package and advertising as indirect factors which impact consumer perceptions and hence influence purchasing decisions. The success of a brand in the long term is not based on the number of consumers that buy it once-off, but on the number of consumers who become regular buyers of the brand. Thus, repeat purchases and customer loyalty are prioritized by retailers (Odin et al., 1999).

Chaudhuri and Holbrook (2001) suggest that consumers become brand loyal when they perceive some unique value in the brand that no alternative can satisfy. This uniqueness may be derived from a greater trust in the reliability of a brand or from a more favorable experience when a customer uses the brand. Davis (2002) identified further positive repercussions resulting from a strong brand other than simply increased sales. Effective brands have been correlated with increasing market share; lending credibility to new product developments; giving a clear, valued and sustainable point of difference as well as commanding a premium. Most importantly, consumers appear fewer prices sensitive and more trusting towards these brands.

Donovan and Rossiter (1982) found that experienced pleasantness of the in-store environment was a significant predictor of willingness to spend time in the store and

intentions to spend more money than originally planned. In their further study (1992) exhibits the effects of the emotional factors of pleasure and arousal were shown to be additional to cognitive factors such as variety and quality of merchandise, price specializing and value for money. The practical significance for retailers is that emotional responses induced by the store environment can affect the time and money that consumers spend in the store.

III. INTENTION OF THE STUDY

1. To study the relationship between store image and private label brand image.
2. To investigate the effects of substantial independent variables Quality, Price, and packaging on Customer Perception towards private label.

IV. RESEARCH STYLE

The Research design is the basic framework which provides the guidelines for the research process after setting the objectives. The research design chosen is descriptive as the study reveals the existing facts. Descriptive research is the study which describes the characteristics of a particular individual, or a group. Convenience sampling was used to collect data for this study and for primary data structured questionnaires were collected from 130 respondents.

The focal product was Grocery sold at department stores. The respondents were asked to select a department store they visited most often and answer the questions on the questionnaire based on their experiences at that store. The questionnaire included a list of department stores as examples – More supermarket, Reliance fresh, Sri Venkateswara supermarket etc

Questionnaires were created with a five-point Likert scale was assigned to the independent variables, namely, Store Layout, Lighting, Merchandise offered, Quality, Price, Service, and Temperature at the Store, and the dependent variable, Customer Perception of the Store Image and the secondary data were collected from books, journals and the Internet.

To test the proposed hypotheses, correlation & Anova analysis was done using SPSS 21.0.

V. DATA ANALYSIS

Research Hypothesis

H0: No significant relationship exists between Store image and Private label product image

H1: significant relationship exists between Store image and Private label product image

Correlations								
		store is clean	lightning in the store is good	layout of the store is logic	enough products within each product line	products are of high quality	Store temperature is good	Rate the private label products
store is clean	Pearson Correlation	1	.570**	.027	.196*	.415**	.265**	.067
	Sig. (2-tailed)		.000	.773	.032	.000	.003	.466
	N	120	120	120	120	120	120	120
lightning in the store is good	Pearson Correlation	.570**	1	.210*	.387**	.243**	.670**	-.303**
	Sig. (2-tailed)	.000		.021	.000	.008	.000	.001
	N	120	120	120	120	120	120	120
layout of the store is logic	Pearson Correlation	.027	.210*	1	-.271**	-.102	.258**	-.021
	Sig. (2-tailed)	.773	.021		.003	.268	.004	.818
	N	120	120	120	120	120	120	120
enough products within each product line	Pearson Correlation	.196*	.387**	-.271**	1	.564**	.476**	-.391**
	Sig. (2-tailed)	.032	.000	.003		.000	.000	.000
	N	120	120	120	120	120	120	120
products are of high quality	Pearson Correlation	.415**	.243**	-.102	.564**	1	.447**	-.257**
	Sig. (2-tailed)	.000	.008	.268	.000		.000	.005
	N	120	120	120	120	120	120	120
Store temperature is good	Pearson Correlation	.265**	.670**	.258**	.476**	.447**	1	-.262**
	Sig. (2-tailed)	.003	.000	.004	.000	.000		.004
	N	120	120	120	120	120	120	120
Rate the private label products	Pearson Correlation	.067	-.303**	-.021	-.391**	-.257**	-.262**	1
	Sig. (2-tailed)	.466	.001	.818	.000	.005	.004	
	N	120	120	120	120	120	120	120
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

Inference

We can see that there is relationship between dependent variable store image factors like Store lightning, enough products/ Merchandise offered, quality, temperature and independent variable private label brands since the significant value 0.001, 0.000, 0.005 and 0.004 is less than 0.01. Therefore null hypothesis is rejected. Variables are statistically significant with moderate negative correlation.

And for clean store and store layout has Significant value 0.466 and 0.818 is greater than 0.05 therefore null hypothesis is accepted there is no relationship between service and private label brand image.

H0: There is no significant difference between the independent variables Quality, Price, packaging, Label and Advertising towards willingness to purchase private label products.

H1: There is significant difference between the independent variables Quality, Price, packaging, Label and Advertising towards willingness to purchase private label products.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585 ^a	.342	.313	.310
a. Predictors: (Constant), [Advertising], [Quality], [Price], [packaging], [Label]				

ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	5.696	5	1.139	11.839	.000 ^a
	Residual	10.970	114	.096		
	Total	16.667	119			
a. Predictors: (Constant), [Advertising], [Quality], [Price], [packaging], [Label]						

b. Dependent Variable: I am more willing to purchase groceries from private label brands rather than tops brands						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.721	.276		9.844	.000
	[Price]	-.364	.051	-.728	-7.155	.000
	[Quality]	.263	.095	.420	2.756	.007
	[packaging]	-.003	.043	-.007	-.063	.950
	[Label]	-.282	.097	-.564	-2.906	.004
	[Advertising]	-.081	.054	-.195	-1.500	.136
a. Dependent Variable: I am more willing to purchase groceries from private label brands rather than tops brands						

Inference: The R in the Table represents the correlation which is 0.585 and it represents that there is a moderate degree of correlation between dependent and independent variables.

From the Anova table represents the significant value is 0.000 which is statistically significant and smaller than 0.05. So the p=0.000. It shows that the dependent variables fluctuate according to the independent variable.

VI. FINDINGS

Table 1 presents the result of the store image and private label brand image broken out that there is relationship between dependent variable store image factors like Store lightning, enough products/ Merchandise offered, quality, temperature and independent variable private label brands.

Another aspect of the study finds from the second hypothesis is that there is significant difference between the independent variables Quality, Price, packaging, Label and Advertising towards willingness to purchase private label products.

VII. MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

It is interesting to speculate about how store managers should respond to our findings. Research on private label shows that Quality, Price, packaging, Label and Advertising influence to purchase private label products. Therefore Store manager should give serious consideration to increase their own label products than branded products.

A second recommendation is that price should not exceed the branded products while concentrating on quality and advertising for their own label products

Further store manager should concentrate on their store image factors like Store lightning, enough products offered, quality, temperature, music. They should have a concern on store temperature with relate to product offered and climate condition of shop exists. Moreover music which is played in the store an be soothing music because for some products customers feel good about purchasing new and an be expected

to be in a good mood. However for some purchase there’s may a chance of anxiety and music could convert this anxiety to anger. Therefore appropriate store image factors to be considered for positive result.

VIII. CONCLUSIONS

This study investigates the effects of substantial independent variables of Store Image namely, clean store, store Lighting, Store layout, Merchandise offered quality, store temperature and a dependent variable, private label image. From the analysis we found that Store lightning, enough products/ Merchandise offered, quality, temperature has relationship on choosing the private label products but the relationship is moderate or slightly negative relationship And there is no relationship between the clean store and store layout on private label image. Therefore the retailers have to concentrate on the quality of the product; Merchandise offered in product line and other store atmosphere aspects that induce the consumers to regular buyers of the brand. we would like to encourage more research in this area

REFERENCES

- [1] Alden D L, Steenkamp J B E M and Batra R (1999), “Brand positioning through advertising in Asia, North America, and Europe: The role of global consumer culture”, *Journal of Marketing*, Vol. 63, pp. 75-87.
- [2] Areni, C. S. (2003). Examining managers’ theories of how atmospheric music affects perception, behavior and financial performance. *Journal of Retailing and Consumer Services*, 10(5), 263-74.
- [3] Donovan, R. J., Rossiter, J. R., Marcolyn, G., & Nesdale, A. (1994). Store atmosphere and purchasing behavior. *Journal of Retailing*, 70(3), 283-94.
- [4] Erdem, O., Oumlil, A. B., & Tunçalp, S. (1999). Consumer values and the importance of store attributes. *International Journal of Retailing & Distribution Management*, 27(4), 137-44.
- [5] Kim, Y., & Han, S. (2000). Perceived images of retail stores and brands: Comparison among three ethnic consumer groups. *Journal of Family and Consumer Sciences*, 92(3), 58-61.
- [6] Rossiter, John R. and Larry Percy (1987). Advertising and Promotion Management. New York: McGraw-HUI. Rossiter, John R., Larry Percy and Robert J. Donovan (1993). "A Better Advertising Planning Grid." *Journal of Advertising Research*, 31: 11-20.
- [7] Russell, James A. and G. Pratt (1980). "A Description of the Affective Quality Attributed to Environments." *Journal of Personality and Social Psychology*, 38: 311-322
- [8] Russell, James A., Anna Weiss and Gerald A. Mendelsohn (1989). "Affect Grid: A Single-Item Scale of Pleasure and Arousal." *Journal of Personality and Social Psychology*, 57: 493-502.
- [9] Sherman, Elaine and Ruth Belk Smith (1986). "Mood States of Shoppers and Store Image: Promising Interactions and Possible Behavioral Effects." In *Advances in Consumer Research*, Vol. 13, Richard J. Lutz (ed.). Provo, UT: Association for Consumer Research.
- [10] Weinberg, Peter and Wolfgang Gottwald (1982). "Impulsive Consumer Buying as a Result of Emotions." *Journal of Business Research*, 10(March): 43-57.
- [11] Yalch, Richard and Eric Spangenberg (1990). "Effects of Store Music on Shopping Behavior." *Journal of Consumer Marketing*, 7(Spring): 55-63.
- [12] Milliman, Ronald E. (1986). "The Influence of Background Music on the Behavior of Restaurant Patrons." *Journal of Consumer Research*, 13(September): 286-289.
- [13] O’Guinn, T.C. and R.J. Faber (1989). "Compulsive Buying: A

- Phenomenological Exploration." *Journal of Consumer Research*, 16: 147-157.
- [14] Olney, T., Morris B. Holbrook and R. Batra (1991). "Consumer Responses to Advertising: The Effects of Ad Content, Emotions, and Attitude Toward the Ad on Viewing Time." *Journal of Consumer Research*, 17: 440-453.
- [15] Pavelchak, Mark A., John H. Antil and James M. Munch (1988). "The Superbowl: An Investigation into the Relationship Among Program Context, Emotional Experience and Ad Recall." *Journal of Consumer Research*, 15: 360-367.
- [16] George, Jennifer M. (1991), "State or Trait: Effects of Positive Mood on Prosocial Behaviors at Work." *Journal of Applied Psychology*, 76: 299-307.
- [17] Golden, Linda L. and Mary R. Zimmer (1986). "Relationships Between Affect, Patronage, Frequency and Amount of Money Spent With a Comment on Affect Scaling and Measurement," In *Advances in Consumer Research*, Vol. 13, Richard J. Lutz (ed.). Provo, UT: Association for Consumer Research.
- [18] Grossbart, Samford L., Robert A. Mittelstaedt, William N. Curtis and Robert D. Rogers (1975). "Environmental Sensitivity and Shopping Behavior." *Journal of Business Research*, 3(October):281-294.