

# Analysis of Private Brand Purchase Intention (Case Study: ETKA Chain Stores)

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**Abstract-**Today, retail brands mentioned as the most successful store brands in the world. These retailers invested heavily in creating a positive image, and observe justice and fairness toward store brands in consumers' minds. One way is the supply of new brands to the market. The present research entitled as “providing a conceptual model for private brand purchase intention based on the store image” is aimed at investigating whether the store image (positively or negatively) affects private brand purchase intention (purchasing the products whose brand names are the same as the brand name of the store) or not? In fact, the practical purpose of this study is to take into consideration the main factors involved in purchasing to achieve customers' better shopping in ETKA stores (in Iran). The results showed that the store image and the brand image as well as the familiarity with private brands positively affect private brand purchase intention; also, they showed that perceived risk has an adverse effect on private brand purchase intention.

**Keywords:** private brand, store image, purchasing intention, familiarity to brand, perceived risk

## I. INTRODUCTION

One of the problems that consumers face is to select a brand among the various existing brand names. Actually, they select products according to their knowledge and mentality regarding different brands. Due to the large number and variety of brands, the identification and study of them is difficult and time-consuming for customers, which it may eventually not lead to the right decision in purchasing a product. On the other hand, products manufacturers seek to build customers' loyalty towards their brands and convert their purchasing behavior into a habitual behavior to their products while the products or services may not include the real value. In other words, they try to create the value in customers' minds and the value only belongs to the brand not to the products or services quality. In fact, the brand creates the real value in customers' minds. In this regard, the store image can be explained by the customers' perspective on the store or, better to say, by their perception about the store or the impact of store on them. The role created by the store image in evaluation of different retailed brands was firstly explored by Mazursky and Jacoby. Today, in the retail sector, it is well established that a retailer with a desirable image improves the image of his store brands [1]. In addition, the results show that the retailer's and the store image can reinforce the people's positive views on the store brands [2][3][4].

Consumers use things such as the semblance of a store [3], composition, presentation, and service levels [2] to make a general belief about a retailer, which in turn it can determine the people's views towards the retailer.

Although there is a mutual relationship between the store image and the store private brand image, the impact of a store in a brand is stronger than the brand effect on the store. In other words, when consumers try the store brand, their view of the product strongly affects the store image, but there is a greater likelihood that the store image has previously influenced the customers' willingness to try the brand. Also, the studies show that the store brands will not be purchased in places with a high rate of consumption; in addition, a study showed that the quality grades of store brands increase 21%, if the store is an attractive retail space [3]. So it's not just the quality of the offered product affecting the store brand image, but also the way of managing a store is effective too.

Customers' subjective perception of a store brand is resulted from the store's performance and efficiency. On the other hand, this subjective image is multilateral; for example, it can be related to the availability of all items required by the customer, the prices of store's goods, the previous knowledge of the store, trust and confidence in the store, or other items that make it easy for customers to decide on purchasing from that store. Although there is a mutual relationship between the store image and the store private brand image, the impact of a store in a brand is stronger than the brand

effect on the store. In other words, when customers have positive views on a store and its performance, they try different brands of that store with a passion. The studies show that if a store is an attractive retail space, the impact of its brand quality can increase as much as 21%. Therefore, the services cannot be considered as the absolute factor in attracting customers to a store [5].

The present research studies the impact of store brand image on private brand purchase intention. In fact, the research investigates whether the store image positively or negatively affects purchasing or not purchasing the products offered with the brand name of the store or not?

## II. LITERATURE REVIEW

With the development of technology in the production and distribution of goods and the importance of diversity in customer preferences and market products and competition for sales, production and distribution methods have changed. Hence, exactly such changes mentioned as distribution of system dynamics helped in the development and expansion of chain stores throughout the world. In Iran, according to the emergence of new structures and modern technology in the retail sector stores, a strong competition among stores and retail sectors has been appeared so as to attract customers. In this regards, stores and retail sector stores play a very important role [6].

The introduction and development of private brands can be considered as a strategy to improve the store image and profitability. Private brands can completely increase the value of the product category and develop its sales as well as improve customer loyalty by improving the store image against other retailers. In particular, private brands may allow retailers to conduct negotiations with lower prices compared to national brands. The factors affecting attitudes towards store (private) brand include the importance of price for customer, price-quality perception, being prone to the amount, attitudes towards purchasing, showing fancy actions, brand loyalty, familiarity to store brands, reliance on external indicators, tolerance of ambiguity, perception of store brand value, and perceived differences between store and national brands [7].

Store image is the other factor influencing store brand. According to the studies previously conducted in this field, there is a strong relationship between store image and attitudes towards store brands, because the store image not only works as an index of store brand quality, but also it plays the role of risk reducer. As a result, the relation between the store image and the consumer attitudes to a product with store brand is the type of an intermediary relationship [2].

### A. *Who buys private brands?*

This question is influenced by three elements forming the consumer choice. The elements are as follows:

1. Private brand quality
2. Private brand price
3. Consumer personality

Hoch and Banerji (1993) have stated that first, quality and then price are important factors. According to studies, consumers who buy private brands are keen on buying more private brands, because they believe that these products have low prices in addition to good quality[8]. Richardson et al. (1996) showed that the consumers of private brands are directly affected by the perceived quality of the brand[3].

### B. *The factors influencing the selection of private brands*

According to the study conducted by Richardson et al. (2012) in Chile, the factors influencing the selection of private brands are as follows:

- The factors of brand and product level which determine brand evaluation; for example, price, familiarity to brand, and brand quality.
- The factors of customer level, including social class, income, and working conditions (such as the customer stays at home or outside the home and the size of the family) which they all determine the motivations and needs of private brands.
- The factor of market level which defines the competitive environment for brands participating in the market [9].

The results of previous studies show that all factors influencing the purchase intention can be classified into three main factors as follows:

- Personality[10]
- Perception [11]
- The socioeconomic factor [12][3]

In above classification, the perception factor is variable and can be expressed using the terms such as price-quality perception, perceived quality, the perception of fair price, self-perception of smart purchasers, familiarity to brand, the perceived risk of the private brand purchase, risk awareness, and generally purchase intention [11][3]. The studies also show that paying special attention to the perception factor (the customers' perception regarding the price and quality of private brands) can play essential role in the private brand purchase[8].

### C. *The perceived risk*

The perceived risk is the overall risk perceived by consumers in product category. At product category, this risk is also known as inherent or latent risk. Bauer stated in his influential essay that the consumer behavior includes risk, because each action of consumers is followed by results which include some uncertainty. Also, he believed that consumers create methods to reduce the risk through acquiring information. The methods enable them to act in situations of uncertainty with some confidence. The other studies have also shown that risk information reduces uncertainty and contradiction [6].

TABLE I. TABLE I. Perceived Risk [13]

Performance	How likely is it that the purchase of a brand or other in [category] would lead to a <i>performance loss</i> for me because the product would not meet my quality standards?
Financial	How likely is it that the purchase of a brand or other in [category] financial would lead to <i>financial loss</i> for me?
Social	How likely is it that the purchase of a brand or other in [category] would lead to a <i>social loss</i> for me because my family/friends or my social context would think less highly of me?
Physical	How likely is it that the purchase of a brand or other in [category] would lead to a <i>physical loss</i> for me because it may be harmful to my or my family's health?
Psychological	How likely is it that the purchase of a brand or other in [category] would lead to a <i>psychological loss</i> for me because it would not fit in well with my self-image or self-concept?
Time	How likely is it that the purchase of a brand or other in [category] would lead to a <i>time loss</i> for me because it would need to be repaired, returned, or changed?

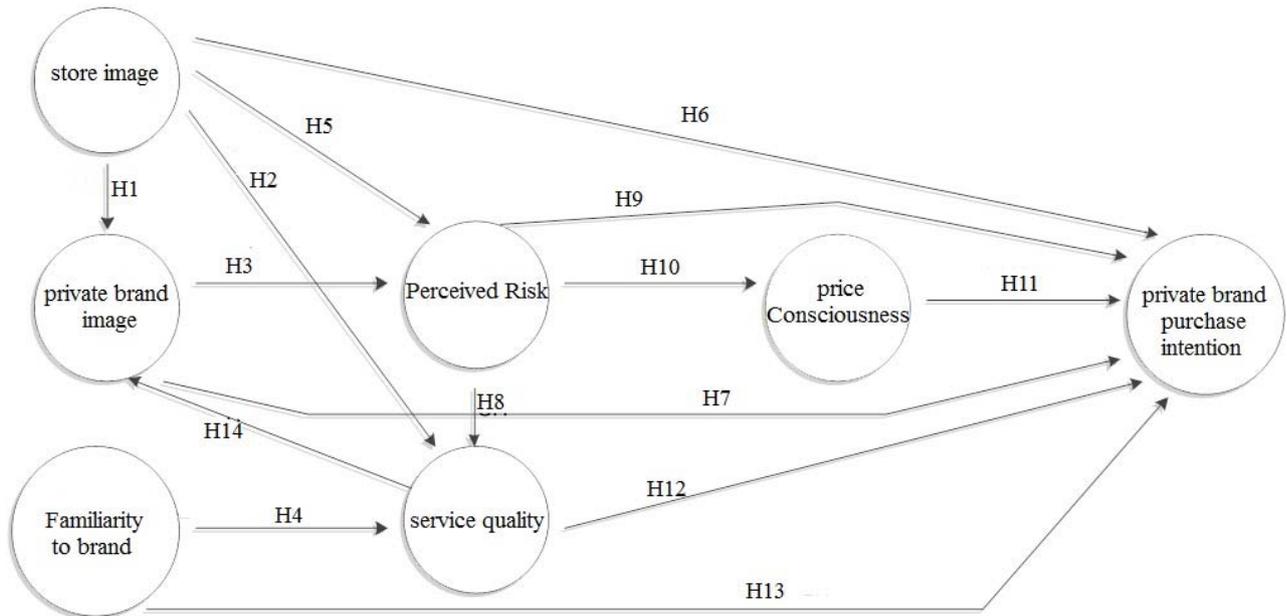


Figure 1. Conceptual Model

### III. RESEARCH METHODOLOGY

This study in terms of the research goal categorized in applied research type and aims to examine whether factors influencing Store brand Purchase intention at ETKA store help for better purchase of customers from ETKA products or not. Further, the descriptive research type has been used to collect data. The statistical population in this study includes two stores from ETKA stores throughout Tehran, where simple random sampling method has been used as the sampling method in this study. As we know, ETKA stores is affiliated to the Iranian Ministry of Defense, and basically is built for the families of the Ministry but buying open to the public. List of stores received from ETKA Research and Development Center, and two stores among these stores were selected and then examined. 315 questionnaires were distributed among the purchasers so that 267 questionnaires returned back in blank. To measure research variables, the 5-point Likert scale has been used. To determine reliability of the test, Cronbach's Alpha has been used. This method is used to calculate internal consistency, using as measurement tools which measures different properties. Cronbach's Alpha obtained 0.8752 for this study. To test for normality, using Kolmogorov-Smirnov test and result showed that the distribution of data was normal. 49% of participants were female, and 51 % were male.

### IV. RESULT

Demographic data were analyzed in the following table.

TABLE II. Demographic Correlation

factors	conscious to price	Purchase intention	families of the Ministry	Perceived risk	gender	education
conscious to price	.	.004	.069	.080	.054	.001
Purchase intention	.004	.	.582	.445	.284	.065
Families of the Ministry	.069	.582	.	.827	.007	.116
Perceived risk	.080	.445	.827	.	.397	.351
gender	.054	.284	.007	.397	.	.010
education	.001	.065	.116	.351	.010	.

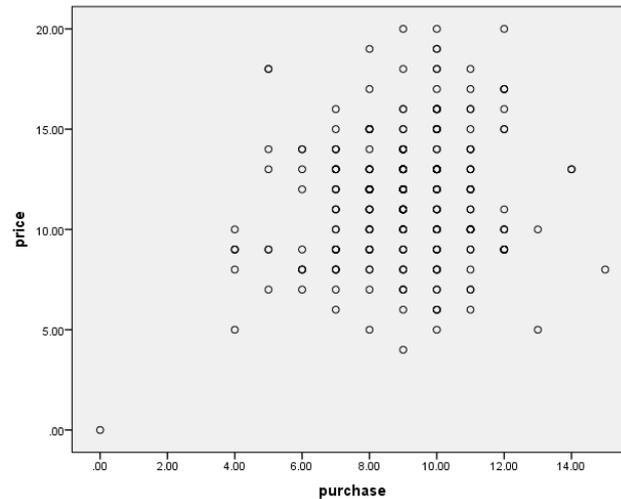


Figure 2. Correlation between Price and Purchase

As we can see, There is a significant relationship between conscious to the price with purchasing private brand ( $p < 0.05$ ).

TABLE III. The Assessment of Model Variables Effect

Linear regression 1	The dependent variable	service quality
	The independent variables	store image, Perceived Risk, Familiarity to brand
Linear regression 2	The dependent variable	private brand image
	The independent variables	store image, service quality
Linear regression 3	The dependent variable	Perceived Risk
	The independent variables	store image, private brand image
Linear regression 4	The dependent variable	price Consciousness
	The independent variables	Perceived Risk
Linear regression 5	The dependent variable	private brand purchase intention
	The independent variables	service quality, store image, Perceived Risk, Familiarity to brand, private brand image, price Consciousness

TABLE IV. The Confirmation of Regressions

Regressions	Correlation coefficient	Determination coefficient	Corrected determination coefficient	Significance level	P-value	Durbin-Watson statistic
Linear regression (1)	0/774	0/599	0/595	0/000	0/5	1/813
Linear regression (2)	0/471	0/221	0/216	0/000	0/5	1/864
Linear regression (3)	0/684	0/467	0/464	0/000	0/5	1/736
Linear regression (4)	0/141	0/020	0/017	0/014	0/5	1/602
Linear regression (5)	0/487	0/237	0/221	0/000	0/5	1/923

In these regressions, the coefficient of determination which is the square of the correlation coefficient states the percentage of change in the dependent variable caused by the rate of changes in the independent variable. According to the values of Durbin-Watson statistic (ranged 1.5-2.5) in all 5 regression equations, it is concluded that there is no serial correlation in the error terms and the regression is confidently confirmed.

TABLE V. Regression Analysis

The relationship between Store Image and Private Brands image							
H1	variable	variable B	Std. Err.	Beta	t	Significant	
	Store Image	0/226	0/080	0/225	2/822	0/005	Confirmed
The relationship between Store Image and Service Quality							
H2	variable	variable B	Std. Err.	Beta	t	Significant	
	Service Quality	0/880	0/054	0/710	16/232	0/000	Confirmed
The relationship between Private Brands image and Perceived Risk							
H3	variable	variable B	Std. Err.	Beta	t	Significant	
	Private Brands image	-0/606	0/051	-0/556	-11/801	0/000	Confirmed
The relationship between Familiarity to Private Brands and Service Quality							
H4	variable	variable B	Std. Err.	Beta	t	Significant	
	Familiarity to Private Brands	0/097	0/043	0/090	2/272	0/024	Confirmed
The relationship between Store Image and Perceived Risk							
H5	variable	variable B	Std. Err.	Beta	t	Significant	
	Store Image	-0/224	0/051	-0/224	-4/755	0/000	Confirmed
Relationship between Store Image and Store brand Purchase intention							
H6	variable	variable B	Std. Err.	Beta	t	Significant	
	Store Image	0/180	0/084	0/180	2/157	0/032	Confirmed
Relationship between Private Brands image and Store brand Purchase intention							
H7	variable	variable B	Std. Err.	Beta	t	Significant	
	Pb image	0/149	0/070	0/149	2/129	0/034	Confirmed
The relationship between Perceived Risk and Service Quality							
H8	variable	variable B	Std. Err.	Beta	t	Significant	
	Perceived Risk	-0/062	0/047	-0/055	-1/315	0/189	Rejected
The relationship between Perceived Risk and Store brand Purchase intention							
H9	variable	variable B	Std. Err.	Beta	t	Significant	
	Perceived Risk	-0/146	0/065	-0/160	-2/224	0/026	Confirmed
The relationship between Perceived Risk and Price Consciousness							
H10	variable	variable B	Std. Err.	Beta	t	Significant	
	Perceived Risk	0/163	0/066	0/141	2/466	0/014	Confirmed
Relationship between Price Consciousness and Store brand Purchase intention							
H11	variable	variable B	Std. Err.	Beta	t	Significant	
	Price Consciousness	0/058	0/042	0/073	1/733	0/007	Confirmed
Relationship between Service Quality and Store brand Purchase intention							
H12	variable	variable B	Std. Err.	Beta	t	Significant	
	Service Quality	0/007	0/066	0/009	0/108	0/914	Rejected
Relationship between Familiarity to Private Brands and Store brand Purchase intention							
H13	variable	variable B	Std. Err.	Beta	t	Significant	
	Familiarity to Private Brands	0/134	0/049	0/153	2/733	0/007	Confirmed
Relationship between Service Quality and Store brand Purchase intention							
H14	variable	variable B	Std. Err.	Beta	t	Significant	
	Service Quality	0/222	0/065	0/275	3/438	0/001	Confirmed

As we can see, H8 and H12, because of ( $\text{sig} > 0.05$ ) rejected. In fact, there is no relationship between perceived risk and service quality. In addition, there is no relationship between the services quality and Store brand Purchase intention.

There is a negative correlation between private brands image with perceived risk ( $B = -0.062$ ) and store image with perceived risk ( $B = -0.224$ ), also there is a negative correlation between perceived risk and store image purchase intention ( $-0.146$ ). According to the table above, we can see a positive relationship between store image with private brands image ( $\text{sig} < 0.05$ ,  $B = 0.226$ ), service quality ( $\text{sig} < 0.05$ ,  $B = 0.88$ ) and store brand purchase intention ( $\text{sig} < 0.05$ ,  $B = 0.18$ ). Also there is a positive significant relationship between familiarity to private brands with service quality ( $\text{sig} < 0.05$ ,  $B = 0.097$ ) and store brand purchase intention ( $\text{sig} < 0.05$ ,  $B = 0.134$ ). There is a positive relationship between service quality with store brand purchase intention ( $\text{sig} < 0.05$ ,  $B = 0.222$ ) and private brands image with store brand purchase intention ( $\text{sig} < 0.05$ ,  $B = 0.149$ ). The perceived risk and price consciousness have a positive relationship with each other ( $\text{sig} < 0.05$ ,  $B = 0.163$ ) and also price consciousness with store brand purchase intention have a positive relationship ( $\text{sig} < 0.05$ ,  $B = 0.058$ ).

## V. CONCLUSION

According to the results obtained from this study, the store image positively and directly affects the private brand image (PB image), but it negatively and inversely influences the perceived risk. The other result is that the private brand image negatively and inversely affects the perceived risk of the private brand. In addition, the familiarity to private brand positively and directly affects private brand purchase intention. The perceived risk negatively and inversely influences private brand purchase intention, but it has a positive and direct impact on price sensitivity. Also, the perceived service quality positively and directly affects the private brand image. Finally, it was concluded that the perceived risk has no effect on perceived service quality; also, price sensitivity and perceived service quality do not influence private brand purchase intention. The store image (resulted from customers' positive experiences in their previous purchases) is considered as a determining factor which leads to loyalty of customers' purchase behavior. Also, the store image considerably affects the customers' selection to buy from their desired store [14].

The services such as free parking, restaurants, prayer rooms, benches, recreation spaces for children, attractive decorations, adequate lighting in the store, standard hallways and shelves, as well as putting enough carts, ATM machines, and cashes to avoid wasting time of clients, separation of products that their expiry date is close and selling them at lower prices, and using big labels for showing the price of products so that the prices of different products be comparable with each other can also increase the perceived services quality. Providing differentiated services compared to competitors such as allocating a percentage of sales to charity, it is possible to create a good store image for customers. Such an image encourages customers to purchase from the store. On the other hand, it helps the store reduce the perceived risk. Regarding ETKA stores (in Iran), it is recommended to make a promotional video to induce the issue to customers that their purchases help to charity works; thus, the emotional aspect of customers is encouraged to buy from the store and they can experience a new type of shopping and get a good sense of their purchase.

The perceived quality is a critical factor in private brand purchase intention [8][3]. Also, it is an important index for perceived risk [15]. In fact, there is risk in all buyers' behaviors; however, there are many strategies to reduce these risks among which it can be pointed to free testing of products in ETKA store. Such strategies ensure individuals what the quality of products is. Academic studies identified the essential role of familiarity to brand in the market. For example, people prefer and remember brands with high advertising more [16]. Also, the familiarity to brand affects the customers' purchasing decision process [17]. For more familiarity with ETKA products, it is recommended to do advertising widely and make people more familiar with the store's services. Also, it is possible to give customers gifts for buying a specified amount of products to make them more familiar with ETKA products. In addition, providing brochures or messages containing products and their prices can reduce the perceived risk.

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