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# The important role of consumer conviction value in improving intention to buy private label product in Indonesia

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## ABSTRACT

The purpose of this study is to investigate the price perception, perception of quality, attitudes toward consumer conviction value and intention to buy private label. Seven hypothesis were developed and tested using the data collected from consumers who have tried private labels in Indonesia. The Data was analyzed by SEM to test all the hypotheses. Four of all hypothesis were significant. The novelty of the model gave proof that consumer conviction value could be a bridge of the research gap between attitudes and intention to buy. Perception quality of private label towards intention to buy was rejected from this empiric research. The empiric research gives a challenge for private label to further improve the quality of their products to align with the national brands and then it can increase intention to buy private label.

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## 1. Introduction

Generally, companies give their products' brand with national label or private label (Dawes & Nencyz-Thiel, 2013). Private labels are often used by retailers, sellers or distributors, in which they are known as home brands, store brands or own label brands (De Wulf, Odekerken-Schroder, Goedertier, & Van Ossel, 2005). Usually, private labels will use the name of the retailers, sellers or the distributors (Boyle & Lathrop, 2014; Hyman, Kopf, & Lee, 2010; Walsh & Mitchel, 2010). Beneke and Carter (2015) defined private label brands as brands sold exclusively through certain retailers. (see Fig. 1).

Increasing of modern retailers' growth, employers must find chances and creativities towards their competitive excellences and catch the society's intention by shopping in their retailers. Private label does not develop only in Indonesia, Ngobo (2011) explained that the use of private labels becomes very important in some countries in Europe including Switzerland (54%), Germany (40%),

and France (32%). One of creative and innovative efforts is by selling a number of their own brands (private label).

Supermarkets have increased the use of private labels in their marketing strategies (Pepe, 2012). Private labels become the source of benefit for the supermarkets and threaten national brands (Quelch & Harding, 1996). Some researchers explained that private label could increase the consumers' decision to buy (Nies & Natter, 2012), increase store loyalty, control distribution channel and increase consumers' loyalty (Ailawadi & Keller, 2004; Ailawadi & Steenkamp, 2008; Levy & Weitz, 2007; Patti & Fisk, 1982; Richardson, Jain, & Dick, 1996). The more increasing of private labels' quality will increase the store market (Sudhir & Talukdar, 2004), market share (Erdem, Zhao, & Valenzuela, 2004), store image (Nies & Natter, 2012) and intention to buy private label (Richardson et al., 1996; Semeijn, Van Riel, & Amrosini, 2004). Private label is also able to increase the competitiveness (Corstjens & Lal, 2000). Private label will increase store loyalty and profitability compared to national brands (Collins-Dodd & Lindley, 2003) through increasing gross margin (Corstjens & Lal, 2000; Ward, Shimshak, Perloff, & Harris, 2002).

The empiric studies concerning private label take attention of researchers to explore many things related to them. The products of private label are acknowledged to have jump and rapid growth in many countries so they attract the researchers' attention to see this

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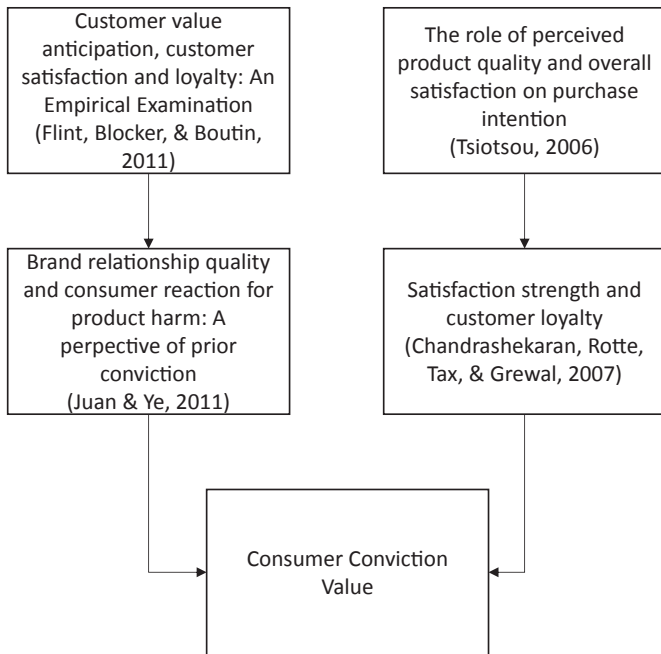


Fig. 1. Epistemology of Consumer Conviction Value.  
Source: Developed for this research

from various perspective of consumers. [Abril and Martos-Partal \(2013\)](#) examined the innovation of private label products and shop loyalty. Meanwhile, some researchers examined consumers' attitude and buying intention towards private label ([Burton, Lichtenstein, Netemeyer, & Garretson, 1998](#); [Garretson, Fisher, & Burton, 2002](#); [Walsh & Mitchel, 2010](#)).

In the study of consumers' attitude, there are still different results which can be restudied and developed for their models to relate these different results. There are positive and significant relationship between consumers' attitude and intention to buy shown by the research done by [Garretson et al. \(2002\)](#) and [Burton et al. \(1998\)](#), by examining consumers' attitude towards supermarket for daily needs in United States, with positive result of attitude towards private label and intention to buy the products as priority of supplying consumers' needs. Another research which was in line with the result of the previous researches was done towards three products category including orange juice, cereal, and mineral water ([Goldsmith, Flynn, Goldsmith, & Stacey, 2010](#)). The result shown by this research had positive relation between consumers and intention to buy toward those three product categories compared to the same product categories with national label. The survey was conducted towards 300 respondents in United States.

The research conducted by [Walsh and Mitchel \(2010\)](#) showed different result. The research were done by supermarket in Germany involving 600 consumers with foru product categories (bread, chocolate, popcorn, and granola bars). It showed different result. The consumers' attitude towards private label did not influence positively and significantly towards the product categories, while the attitude indicators in these researches were similar with the scale developed by [Burton et al. \(1998\)](#).

In Indonesia, the attractive power of private label consists of qualities, and the price of private label becomes the most important element in consumers' decision making to buy the private labels ([Untung, 2013](#)). The consumers believe that well standardized qualities and competitive price become important parts in decision making to buy the private label. Basically, Indonesian consumers are very sensitive with price. The cheaper price with the same

quality will tend to be bought by the consumers. [Rahayu, Hussein, and Aryanti \(2016\)](#) examined private labels in Malang, Indonesia. The result showed that perceived value and store image became important part in improving the loyalty of private label usage. [Maulana \(2012\)](#) believed that perceived value had to reveal equal benefits with the cost spent by the consumers.

The researches of private label done in many countries give reference to be done in Indonesia or other countries which have examined it and experience high development of private label relatively. This also support the researches done in Indonesia where the development of private label products has improvement in its quantities and labels offered and refers to the gap of research of consumers' attitude towards intention to buy the private label products.

The purposes of this study are as follows:

1. To analyze the influence of consumers' attitude towards their intention to buy the private label.
2. To analyze the perception of private label quality towards intention to buy private label.
3. To analyze the price of private label towards intention to buy private label.
4. To analyze consumers' attitude on private label towards the value of consumers' conviction.
5. To analyze the perception of private label qualities towards the value of consumers' conviction.
6. To analyze the perception of private label price towards the value of consumers' conviction.
7. To analyze the value of consumers' conviction towards their intention to buy private label.

## 2. Literature review

### 2.1. The epistemology of consumer conviction value

The research gap from various empiric studies between consumers' attitude and intention to buy private label products enables it to be further developed to encounter both sides. The building of renewal concept in form of consumer conviction value refers to empiric research related to the importance of marketers' understanding in learning process and development of dynamic knowledge of customers towards the newest values which become customers' standard in considering a good product ([Flint, Blocker, & Boutin, 2011](#)). The need of endurance in competitive excellence requires the companies and marketers to know in detail the consumers' expectation and the degree of their satisfaction. The concept of customer value anticipation becomes a strong connector between customers' satisfaction and loyalty. While the researches referring to the importance of consumers' quality of relation towards brands are very influenced by consumers' conviction of previous experience ([Juan & Ye, 2011](#)).

The research of the influence of quality perception and whole satisfaction towards consumers' intention to buy shows that there are direct and indirect influences of consumers' involvement towards their intention to buy ([Tsiotsiu, 2006](#)). The consumers' active involvement is realized as unique activator towards consumers' intention to buy. The research of the strength of satisfaction influence towards consumers' loyalty behavior gives a proof that there is strong relation in these ([Chandrashekar, Rotte, Tax, & Grewal, 2007](#)).

Consumer conviction value in private label is needed as consumers' booster and activator in deciding to buy and conducting other actions more actively. In consumer conviction value, the consumers will come to the next active action, that is intention to

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