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Store brands' purchase intention: Examining the role of perceived quality

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ABSTRACT

Considering the increase of the store brand's market share globally, the present study addresses the following question: "Does the consumer product perceived quality influence store brands' proneness?"; or in other words "Does product perceived quality influence store brands' purchase intention?", since perceived quality is a customer-based undertaken variable. The present study proposes and empirically tests a conceptual model of the influence of perceived product quality of store brands relative to perceived value and purchase intention. Structural Equation Modelling (SEM) was developed on a sample of 439 consumers, distinguishing between consumers with high perceived quality (HPQ) and low perceived quality (LPQ). Our findings highlight that store brands' purchase intention is strongly influenced by confidence for both HPQ and LPQ customers, followed by product price. Additionally, our results suggest the moderating role of perceived quality on some of the proposed relationships. Store brand managers and retailers could develop market segmentation and perform marketing strategies based on customers' perceived quality.

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1. Introduction

Store brands, also known as retailer brands or private brands generally refer to products sold under a retailer store's private label displaying either the store's own name or a brand name created by the retailer (Kumar & Steenkamp, 2007). Originally, store brands had a clear orientation to price, being the main motivation for their purchase (Kumar & Steenkamp, 2007), and today, the relatively low and affordable price continues to be the primary benefit that consumers seek in store brands. However, numerous studies have suggested that the quality gap between manufacturer and store brands is decreasing constantly as store brands have made important efforts to improve their quality (Apelbaum, Gerstner, & Naik, 2003). Thus, the improved quality of store brands together with their affordable prices are the main drivers for the growing acceptance of store brands among consumers (Baltas & Argouslidis, 2007).

In this context, one major question that arises is whether the consumer product perceived quality plays a key role in store brands' proneness. That is, it seems plausible that the variables influencing store brands' purchase intention may differ between

consumers with high perceived quality and those consumers with low perceived quality. So, perceived quality could be used as a segmentation variable in the store brands' marketplace. More precisely, we propose that retailer-based image factors, such as store image and store brand price, as well as customer-based factors, such as the confidence on store brands, are determinants of customer perceived value and store brands' purchase intention.

The purpose of the present study is twofold. In the first place, we aim to analyze the creation of perceived value and purchase intention of store brands considering a customer-based variable – the perceived quality-, examining the differences on store brands' proneness depending on perceived quality. Second, we aim to test the moderating role of customer perceived quality on purchase intention. For this purpose, we propose and empirically test a conceptual model for store brand products, performing a multi-group analysis of consumers with high perceived quality (thereafter HPQ) and low perceived quality (thereafter LPQ).

2. Literature review

2.1. Determinants of store brand proneness

2.1.1. Price

Among the numerous consumer perceptual variables, the price-related factors appear to be the most common determinants of store

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brands' purchase decisions (Jin & Suh, 2005). The perceived price is conceptualized as the subjective interpretation of the product's monetary value, considering the product as cheap or expensive (Dickson & Sawyer, 1985); and Diallo (2012) defined the store brand perceived price as the overall representation of the relative level of store brands' prices for a given retailer. So, in the present study, we refer to perceived price as the consumers' judgement of the affordability of store brand products. However, there has been a clear evolution of store brands' positioning from focusing on price to quality-based value propositions (Kumar & Steenkamp, 2007). Likewise, previous research highlights product price as one key driver that influences the perceived value of store brands (Beneker, Brito, & Garvey, 2013; Snoj, Korda, & Mumel, 2004). It is therefore posited that:

H₀. The store brand price has a positive influence on perceived value

According to Diallo (2012), the perceived price has a prominent place in the consumer purchase behaviour towards store brands, being a key factor in purchase intent. Prior research suggests that store brands are conceived as *good value for money* options (Kumar & Steenkamp, 2007); and therefore, a low and affordable price is one key factor attracting consumers towards store brands' products, leading to an increase in their purchase intention (Wu, Lin, & Hsu, 2011). So, the following hypothesis is presented:

H₁. The store brand price has a positive influence on purchase intention.

2.1.2. Store image

Martineau (1958) first introduced the concept of store image as the way in which the consumer mind pictures a store, consequence of its functional and psychological attributes. Following Wu et al. (2011), the store image could be defined as the perception of consumers based on the multi-attributes of a store. Among the multiple attributes influencing the overall store image we could include the merchandize quality, the store atmosphere, the product layout, the services offered, the price level and the product assortment (Bao, Bao, & Sheng, 2011; Diallo, 2012; Vahie & Paswan, 2006). In the present study, we define store image as the assessment derived from the evaluation of the main attributes of the store. In this vein, previous literature highlights that the store associations can be generalized to the store brands carried, and that consumers' infer the store brand image from the image of the store (Vahie & Paswan, 2006). So, the inclusion of store image as a dimension in the conceptual model stemmed from evidence that store image has a positive impact on the consumer evaluation of store brands (Collins-Dodd & Lindley, 2003; Wu et al., 2011) and on store brands' perceived value (Vahie & Paswan, 2006). In addition, prior research shows that there is a direct relationship between store image and consumers' purchase intention for store brands, since the more positive the store image, the higher store brands' purchase intention (Collins-Dodd & Lindley, 2003; Diallo, 2012). Consequently, we pose the following research hypotheses:

H₂. The store image has a positive influence on perceived value of store brands.

H₃. The store image has a positive influence on store brands' purchase intention.

2.1.3. Confidence

According to Lassoued and Hobbs (2015), when a consumer is satisfied with a store brand and trusts a particular retailer, this trust may evolve into confidence, which involves a specific knowledge about the store brand resulting from positive consumption experiences. So, brand trust and brand confidence are related

concepts. Brand trust is defined as the willingness to rely on the ability of the brand to perform its stated function (Chaudhuri & Holbrook, 2001). Similarly, a trustworthy reliable brand is a brand that continuously delivers what is promised to consumers (Erdem, Swait, & Valenzuela, 2006). Regarding store brand products, brand trust becomes relevant because the purchase of these brands is associated with a greater uncertainty and perceived risk than manufacturer brands (Matzler, Grabner-Krauter, & Bidmon, 2009).

The confidence derived from the consumers' trust is expected to be a combination of specific attitudes about the brand, including perceived performance and competence (Li, Zou, Kashyap, & Yang, 2008). It is important to remark that store brands have traditionally followed a low cost strategy and were mainly positioned as alternative cheap products compared to manufacturer brands; and in turn, consumers often perceived them as lower quality products and more risky product alternatives (González-Mieres, Díaz-Martín, & Trespalacios-Gutierrez, 2006). Even though the store brands' quality has improved considerably, this perception is still present in numerous consumers' minds (Diallo, 2012; Rubio, Oubiña, & Villaseñor, 2014). Likewise, prior research highlights that brand confidence derived from a positive consumption experience would lead to higher consumer value (Lassoued & Hobbs, 2015). So, we pose the following research hypothesis:

H₄. Confidence on store brands has a positive influence on perceived value.

Baltas (1997) suggested that store brand purchase is more likely when the consumer is confident that he or she would obtain a satisfactory performance. In addition, previous studies have shown that the more confident customers are with a store brand, the stronger their intention to purchase store brand products (Castaldo, Perrini, Misani, & Tencati, 2009). Thus, we present the following hypothesis:

H₅. Confidence on store brands has a positive influence on purchase intention.

2.2. Consequences of store brand proneness

2.2.1. Customer loyalty and purchase intention

According to Oliver (1980) loyalty is defined as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future; thus, causing a repetitive same brand or product purchase despite marketing efforts or situational influences (Chaudhuri & Holbrook, 2001). Hence, we pose the following hypothesis:

H₆. Consumer perceived value has a positive influence on store brands' loyalty.

The purchase intention represents the possibility that consumers will plan to purchase a certain product or service in the future (Wu et al., 2011), and also refers to the consumer tendency to purchase a brand routinely (Diallo, 2012). Likewise, consumers' purchase intentions arise when they perceive the value of a product or brand (Collins-Dodd & Lindley, 2003), being a reflection of what consumers' stand to gain from their purchase. In the present study, we assume the key role of the perceived value in the consumer decision-making process (Beneker et al., 2013; Snoj et al., 2004), being an important variable influencing purchase intention:

H₇. Consumer perceived value has a positive influence store brands' purchase intention.

2.3. The moderating role of store brands' perceived quality

According to Zeithaml (1988) the perceived quality is conceptualized as the consumer's judgement about a product's overall

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