

The influence of perceived price, perceived quality, brand image, and store image on the purchase intention of Hypermart private label

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ABSTRACT: Private label is well known as one of the strategies to expand the market as well as strengthen brand image and store image within stiff competition of retail business. Due to its lower price, the private label could harm perceived quality and affect customer purchase intention. This study aims to examine the relationship among these variables: perceived price, perceived quality, brand image, and store image on the purchase intention of private label. Primary data from 200 respondents was taken with simple random sampling analyzed using linear regression after performed the validity and reliability test. All hypothesis being studied show a positive and significant influence.

Keywords: Perceived Price, Perceived Quality, Brand Image, Store Image, Purchase Intention of private label

1 INTRODUCTION

Rational consumers always try to increase their satisfaction level from the product they consumed. There are many ways to do so, one of which is to consume an equivalent product at a cheaper price. A substitute product at a cheaper price than the original brand is a private label from a retailer that has a good store image and offers a good brand image (Baltas, 1997). The choice of private label products from reputable retailers is because they have good quality, as stated by Wu et al. (2010). Wu points out further that a customer who has positive store images will have a positive effect on the private label products offered and can reduce the purchasing risk. This finding in line with previous research conducted by Semeiji et al. (2004), and will affect consumer purchase intention (Bao et al., 2011).

From the company's perspective, private labels are not only intended to increase profit and differentiation but also to attract consumers and increase market share (Wu et al., 2010). Therefore, retailers that are able to maintain and improve store image and brand image will be able to develop consumer

loyalty and higher purchase intensity towards private label products they offer (Wu et al., 2010).

1.1 Private Label

Private label is a brand that uses the name of stores, retailers, and/or distributors, owned, developed, and managed by a retailer (Kotler and Armstrong, 2012) at prices lower than manufacturers' products (Bao et al., 2011) which becomes an alternative product for consumers (Walker, 2006). According to Nielsen (2008), private labels able to meet the basic needs of consumers and could influence consumer purchase intention. That is why many retailers create and develop private labels to increase profit and differentiation in acquiring consumers and increasing market share (Wu et al., 2010).

1.2 Purchase Intention

Purchase intention is a tendency to buy a particular brand or product (Sallam & Wahid, 2012). This definition in line with Wu et al. (2010) that conclude purchase intention as the probability of consumer's readiness to purchase a product in near future. Purchase intention is considered important because it

could be used to measure the likelihood of consumers buying a particular product, as stated by Huang et al. (2014) that scrutinize a positive correlation between purchase intention and actual purchases. There are many factors influence purchase intention, such as corporate image (Huang et al., 2014), brand image (Chao, 2015), perceived quality (Bao et al., 2011) and cheaper price (Ailawadi, 2001). Those factors could influence the consumer to buy private label.

1.3 Perceived Price

For the middle and especially for lower segments, they generally price sensitive. In fact, private labels are normally cheaper than manufacturers' products (Walker, 2006), thus private labels are an alternative for them. Lower price means consumers could lessen their spending to get private label products (Ailawadi, 2001). In other words, consumer purchase intention also refers to lower prices (Boutsouki et al., 2008). This finding in line with Manusamy & Wong (2008) that say a positive and significant relationship between price and motives of consumers in buying private label products. Jaafar et al. (2013) conclude that among the variables of perceived price, store image, advertisement and packaging variables, the variable of perceived price is considered to be the most significant effect to purchase intention.

From the above explanation, the first hypothesis can be proposed as follows:

H1: perceived price influence purchase intention toward private labels.

1.4 Perceived Quality

Evans & Berman (2001) state that stores always try to launch private label products at low prices with the same quality as the manufacturer's products. However, because the private brand price is cheaper, has a more simple packaging and usually less well-known products, thus consumer thinks that private brand is riskier because of the quality of those products that are lack of confidence and doubtful (Sudhir and Talukdar, 2004). Hoch and Banerji (1993), and Ailawadi et al. (2001) also state that generally private brands are considered lower in quality due to the fact that manufacturer brands have international standard packaging and store brands do not meet that standard. Liljander et al. (2009) study also emphasizes that perceived quality and perceived value directly influence purchase intention and perceived risk negatively affects the purchase intention. This is in line with the findings of Jaafar et al. (2013) and

Bao et al. (2011) that perceived quality influences purchase intention that could influence the consumer's tendency to buy private label products.

From the above explanation, the second hypothesis can be proposed as follows:

H2: perceived quality influences purchase intention toward private labels.

1.5 Store Image

Store image is evaluated based on the overall attitude or impression of the consumer obtained through the internal and external characteristics of the store (Wu et al., 2010). The characteristics being evaluated by the consumers are service quality, store atmosphere, product variety, and product prices (Ailawadi and Keller, 2004). When consumers have a positive evaluation of the store image, then the evaluation has a positive impact on private label products (Wu et al., 2010). Similarly, the findings of Liljander et al. (2009) say that the store image has an indirect impact on purchase intention through perceived risk and perceived quality. This is confirmed by Bao et al. (2011) that perceive store image has a positive impact on consumers' purchase intention.

From the above explanation, the third hypothesis can be proposed as follows:

H3: store image influences purchase intention toward private labels.

1.6 Brand Image

Schiffman and Kanuk (2007) state that consumers will choose products according to the expected brand image, so that consumer attitudes towards brand image have a positive influence on purchase intention (Chao, 2015). In general, a better brand image will lead to higher consumer purchase intention (Cretu and Brodie 2007; Keller 1993) in Chao (2015). Furthermore, brands play an important role in the purchase decision process, because the higher the brand image will reflect on the level of product quality and increase purchase intention. Likewise, a positive brand image will reduce consumer perceptions of purchasing risk (Batra and Homer, 2004) in Chao (2015).

From the above explanation, the fourth hypothesis can be proposed as follows:

H4: brand image influences purchase intention toward private labels.

2 RESEARCH METHODS

The simple random sampling method used to gather data from 200 respondents. These data were then tested for validity and reliability testing before analyzed using linear regression. All tests were valid and reliable. Some other tests related to regression were also conducted.

3 RESULTS AND DISCUSSIONS

3.1 Respondent characteristics

Women dominated the respondents by 124 (0.62) out of 200 respondent with the age distributed across 20 to 50 years old, where most of them were holding bachelor degree as many as 166 (0.83). Respondents' occupation were scattered among a teacher/lecturer, private and public employee, student, entrepreneur, as well as a housewife. Their income level also scattered from 1 million to 4 million rupiah. More than 150 respondents were customers for the retail of more than one year (0.75).

3.2 Descriptive Analysis

All variables being analyzed having a good evaluation by the respondent with the highest score of store image (3.13) and the lowest score of perceived quality (2.94); whereas for the perceived price is 3.00; and brand image of 3.01. For store image variable (3.13), respondents gave the highest evaluation because of offering more product variety and the lowest evaluation for product quality and safety. For brand image (3.01), respondents gave the highest evaluation because for reputation (3.30) and lowest evaluation for private label quality (2.64). For the perceived price (2.94), the respondent gave the highest evaluation because the price is rational (3.13) and the lowest evaluation for seeking cheaper price (2.91).

Table 1. Descriptive analysis

Var	High	Low
PP (3.00)	rational 3.13	Seek cheaper 2.91
PQ (2.94)	Q > P 3.27	The best PL 2.73
SI (3.13)	More variety 3.32	Q & safety 2.96
BI (3.01)	Reputable 3.30	Reputable= PL 2.64
PI	May buy 3.10	More often buy 2.71

PP = Perceive Price; PQ = Perceive Quality; SI = Store Image; BI = Brand Image; PI = Purchase Intention

3.3 Regression analysis

Table 2. Regression analysis

Var	Reg. Coef.	Sig-t (p-value)	r	R ²
Cons	0,131			
PP	0.395	0.000	0.499	0.249
PQ	0.122	0.032	0.153	0.023
SI	0.159	0.017	0.170	0.029
BI	0.327	0.000	0.322	0.104
F (69.034);		Sig-F (0.000);	Adj R ² (0.578)	
Y = 0.131 + 0.395PP + 0.122PQ + 0.159SI + 0.327BI				

From the regression analysis, it was found that all variables being observed influence purchase intention, with the perceived price (0.395) has the most influence and the perceived quality (0.122) has the least influence.

The t test shows how far the influence of an individual variable explains the variation of the dependent variable (Ghozali, 2012). H0 is rejected if the probability (p) ≥ 0.05 ; and Ha is accepted if the probability (p) < 0.05 . From the results of the calculation (not presented here), it is obtained that the sig (perceived price) = .000; Sig (perceived quality) = .032; Sig (store image) = .017; Sig (brand image) = .000 < 0.05 . Then, it could be concluded that all variables under this study had a significant relationship and means that all hypotheses are accepted.

According to Ghozali (2013), the f test basically shows whether all the independent variables being observed have a simultaneous influence on the dependent variable or not.

Based on the table above, the F value is 69.034 with a p-value of 0.000. At the 5% significance level, the results are significant because the p-value (0.000) < 0.05 . This shows that the perceived price, perceived quality, store image, and brand image had an influence on purchase intention of private label products.

4. CONCLUSION

From the analysis and discussion above, it can be concluded that all research variables influence purchase intention, where the most influential variable on purchase intention is perceived price and the least is perceived quality, and, all hypotheses proven.

Some limitations of this study that can be used as a basis for further research are the limited number of variables being observed, the number of respondents, number of industries, and etc.

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