

A SURVEY ON INTERACTIVE EFFECT OF BRAND IMAGE AND PERCEIVED QUALITY OF SERVICE ON EACH OTHER; (CASE STUDY: ETKA CHAIN STORES)

Bahareh Ahmadinejad¹, Abdolhossein Karampour², Yones Nazari³

¹*Department of Management, Faculty of Management and Accounting Islamic Azad University (IAU), Qazvin Branch Qazvin, Iran*

²*Assistant Professor, Faculty Member of Management, Malek Ashtar University of Technology, Tehran, Iran*

³*MSc in Management, Allameh Tabatabai University, International Business Trends*

Abstract

This study intends to investigate impact of image of Etk brand as a private brand on perceived risk and purchase intention, where impact of perceived quality of service on Etk brand image would be further studied in this paper. Data of this study gathered using simple random sampling, mentioned the data was received from 300 private brand buyers in two branches of Etk chain stores throughout Tehran. To collect data, methods of library, field (questionnaire) and interview have been used, and the data was tested and examined using SPSS method. The results showed that there exists a significant relationship between image of Etk brands and customers' purchase intention of Etk brands, and further there exists a negative significant relationship between image of Etk brands and perceived risk. Furthermore, there exists a positive significant relationship between Perceived quality of service and image of Etk brands; finally, it can deduce perceived risk and Perceived quality of service had not effect on Perceived quality of service and customers' purchase intention of Etk brands, respectively.

Keywords: perceived risk, image of private brand, Purchase intention of private brand , service quality

Introduction

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.

In general, customers who have a positive view towards a particular brand name and are satisfied with the quality of its services then may express their loyalty to the brand and the store [Rita Martenson, 2007]. Consumers have different attitudes towards store brands. Most consumers believe that store brands are reliable, differing from manufacturer brands, and enjoying a good value rather than their price. Consumers' perception of quality also depends on store, and while the price of product is the same, manufacturer because of its products' higher quality image, would have the most customers.

Consumers depending on their sex have a different attitude towards store brand. Females compared to males have more positive attitudes towards store brand [Guerrero and et al, 2000]. The word "consumer's purchase decision" visualizes image of a person

who engages in observing characteristics of a number of products, brands or services, attempting to choose an item using rational methods, whereby would be able to meet his/her needs with the least cost. Hence, consumer decision making is a rational and practical concept where consumers go through decision making using the method of consumer purchase intention[Hawkins, M. & Best ,2006].

Store as a brand:

Store Image, that is, store as a brand is commonly evaluated as customer understanding of how to measure store activity. This is chosen based on the concept of diversity, that is, customers are more likely satisfied with suggestions that offer customers the things they need and want, where desire to pay towards the cost increases[Johnson, M.D. ,1998][Szymanski, D.M. and Henard, D.H. ,2001].

Comprehensive relationship between store brand, Brand image and purchase intention of brand

Store brand is secretly a positive rating. Store brand and product brand play different roles. Store brand's last dividend is applied in making relationship with customer as well as building trust and reputation on their own in customer's mind to sell other brands. Reputation acts as a long-term rating for a company. Customer satisfaction can lead to his loyalty and proselyte this satisfaction to others and sustain on their purchase intention. When consumers have different opinions about a brand, this also affects the way they think and desire. When a company offers a new brand, this affects client's subjective impression of brand quality [Rita Martenson, 2007]. The image of the store somehow assumed as the store brand, which is usually evaluated by means of customers' perceptions of store performance. This selection is based on the concept of varied perceptions value, that is, customers who satisfied more are interested to gain satisfaction against the charge that pay. Notably, image is the way that consumers view stores. image means subjective perception or image of store. According to various researchers, image of store or features of store affects customer purchase behavior. For instance, Robert Kunkel and Tony Barry proposed seminal outcomes about a particular store which cause a desirable image of store brand and then customer loyalty come to realize [Kunkel JH, Berry LL,1968].

Perceived risk

Consumer behavior, including the results of any actions by the customer is always subjected to the risk, the customer cannot forecast unpleasant possibilities and results [Bauer, R. A,1960]. Risk has many forms: functional, physical, financial, social, and psychological. High levels of risk frustrate many customers. Communication can receive a reduced risk or even destroy it in complete[Battle, John Bull,2012]. Bauer in his influential article, stated that consumer behavior in this respect, includes the risk, that any action by consumer is followed by results in the consumer which brings it with some uncertainty. Furthermore, Bauer argued that consumers build some methods by means of information, so as to reduce the risk, and this enables them to act with trust in uncertain situations. Other marketing research has addressed this concept that information on risk reduces uncertainty and conflict [Chowdhury,2012].

Table 1. Perceived risk (Bettman 1973; Dunn, Murphy, & Skelly 1986; Jacoby & Kaplan 1972; Peter & Tarpey 1975; Richardson et al. 1996; Roselius 1971)

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] would lead to a <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?

How is Customers' response to private brands?

Researchers report that store brands often offer lower prices than national brands (15 to 40 percent), because private brands have lower advertising costs and exclusive distribution in the store that is owned by private brands [Cunningham and et al, 1982]. World Report in relation to the desire for private brands by (Coe, 1971) shows the price difference. Private brands have on average 30% lower prices than national brands, and these percentages reported different in different countries (10% in Thailand and 48% in Greece, 28% of America and 26 percent in Chile). Despite this competitive advantage, many customers do not prefer regular private brands. Some studies address difference on attitudes towards private brands and making decision on private brands, where social-economic feature, personal traits, purchase type and processing of information reported those attitudes [AC Nielsen, 1971, Frank and Boyd 1965, Murphy 1978, Burger and Schott 1972, Cunningham and et al 1982, Hawes and Hutchens 1982, Myers 1967, Bellizzi and et al 1981, Bettman 1974].

The studies indicate that purchasers primarily reject private brands due to product association with undesirable quality perception [Dick and Jain, 1995]. The difference between customers (quality vs. Customers' price sensitivity and demographic characteristics), and Confounding variables such as the presence of national brands might be the reason for the conflict of interest and complexity of evidences. Garston and colleagues argue that another factor other than the price might conduct the customers to the private brands [Garretson and et al, 2002].

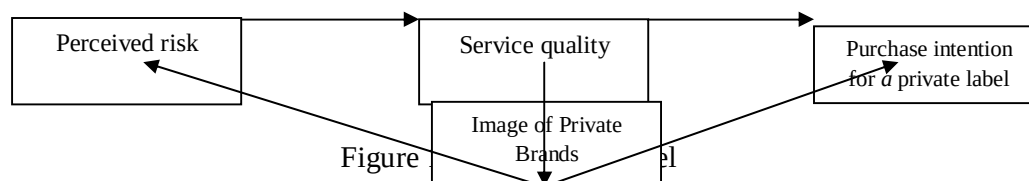
Research hypotheses

- 1- There exists a positive relationship between perceived risks and service quality for a private label brand
- 2- There exists a positive relationship between service quality and Purchase intention for a private label brand
- 3- There exists a positive relationship between Image of Private Brands and perceived risks for a private label brand

4- There exists a positive relationship between service quality and Purchase intention for a private label brand

5-There exists a positive relationship between Image of Private Brands and Purchase intention for a private label brand

Research conceptual framework:



Research methodology

This study in terms of research goal categorized in applied research type. This study aims to examine whether factors influencing Purchase intention for a private label brand at Etki store help for better purchase of customers from Etki products or not. Further, descriptive research type has been used to collect data. The statistical population in this study includes two stores from Etki stores throughout Tehran where simple random sampling method has been used as the sampling method in this study. List of stores received from Etki Research and Development Center, and two stores among these stores were selected and then examined. 315 questionnaires were distributed among the purchasers so that 300 questionnaires returned back in blank. To measure research variables, the 5-point Likert scale has been used. To determine reliability of 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.

Measuring research model

1-There exists a positive relationship between perceived risks and service quality

$$H_0 : \beta_1 = 0$$

$$H_1 : \beta_1 \neq 0$$

H0: there does not exist a positive relationship between perceived risks and service quality

H1: there exists a positive relationship between perceived risks and service quality.

Table 2. regression analysis

Variable	B	Std. Err.	Beta	t	Significant
perceived risks	-0/062	0/047	-0/055	- 1/315	0/189

Since significance level equals 0.189, which is greater than error level (0.05), it can conclude at 95% confidence level that perceived risks is removed from model. Further, it can conclude there does not exist a positive relationship between perceived risks and service quality. Thereafter, first hypothesis is not confirmed.

2-There exists a positive relationship between service quality and Purchase intention for a private label brand

$$H_0 : \beta_2=0$$

$$H_1 : \beta_2 \neq 0$$

H0: there does not exist a positive relationship between service quality and Purchase intention for *a* private label brand

H1: there exists a positive relationship between service quality and Purchase intention for *a* private label brand

Table 3. Regression analysis

variable	B	Std. Err.	Beta	t	Significant
Service quality	0/007	0/066	0/009	0/108	0/914

Since significance level equals 0.914, which is greater than error level(0.05), it can conclude at 95% confidence level that service quality is removed from model. Further, it can conclude there does not exist a positive relationship between service quality and Purchase intention for *a* private label brand. Thereafter, second hypothesis is not confirmed.

3-There exists a positive relationship between Image of Private Brands and perceived risks for *a* private label brand

$$H_0 : \beta_3=0$$

$$H_1 : \beta_3 \neq 0$$

H0: there does not exist a positive relationship between Image of Private Brands and perceived risks for *a* private label brand

H1: there exists a positive relationship between Image of Private Brands and perceived risks for *a* private label brand

Table 4. Regression analysis

Variable	B	Std. Err.	Beta	t	Significant
Image of Private Brands	-0/606	0/051	-0/556	-11/801	0/000

Since significance level equals 0.001 which is less than error level (0.05), it can conclude at 95% confidence level that Image of Private Brands remains in model, having the coefficient about - 0.606. Further, it can conclude there exists a negative relationship between Image of Private Brands and perceived risks. Thereafter, fourth hypothesis is confirmed.

4- There exists a positive relationship between service quality and Purchase intention for *a* private label brand

$$H_0 : \beta_4=0$$

$$H_1 : \beta_4 \neq 0$$

H0: there does not exist a positive relationship between service quality and Purchase intention for *a* private label brand

H1: there exists a positive relationship between service quality and Purchase intention for *a* private label brand

Table 5. Regression analysis

variable	B	Std. Err.	Beta	t	Significant
service quality	0/222	0/070	0/275	3/438	0/001

Since significance level equals 0.001 which is less than error level (0.05), it can conclude at 95% confidence level that service quality remains in model, having the coefficient about 0.222. Further, it can conclude there exists a positive relationship between service quality and Purchase intention for *a* private label brand. Thereafter, fourth hypothesis is confirmed.

5-There exists a positive relationship between Image of Private Brands and Purchase intention for *a* private label brand

$$H_0 : \beta_5 = 0$$

$$H_1 : \beta_5 \neq 0$$

H0: there does not exist a positive relationship between Image of Private Brands and Purchase intention for *a* private label brand

H1: there exists a positive relationship between Image of Private Brands and Purchase intention for *a* private label brand

Table 6. Regression analysis

Variable	B	Std. Err.	Beta	t	Significant
Image of Private Brands	0/149	0/070	0/149	2/129	0/034

Since significance level equals 0.034 which is less than error level (0.05), it can conclude at 95% confidence level that Image of Private Brands remains in model, having the coefficient about 0.149. Further, it can conclude there exists a positive relationship between Image of Private Brands and Purchase intention for *a* private label brand. Thereafter, fifth hypothesis is confirmed.

Conclusion

Table 7. Summary of results

Hypotheses	Results
There exists a positive relationship between perceived risks and service quality	Rejected
There exists a positive relationship between service quality and Purchase intention for <i>a</i> private label brand	Rejected
There exists a positive relationship between Image of Private Brands and perceived risks for <i>a</i> private label brand	Confirmed
There exists a positive relationship between service quality and Purchase intention for <i>a</i> private label brand	Confirmed
There exists a positive relationship between Image of Private Brands and Purchase intention for <i>a</i> private label brand	Confirmed

As observed, no significant relationship has been reported between perceived risk and Perceived quality of service, so this hypothesis was rejected. Further, no significant relationship has been reported between Perceived quality of service and purchase intention of private brand, so this hypothesis was rejected. This study intended to know how much was image of Etkabrand effective on perceived risk, mentioned a negative inverse effect, if any. The more customers have a positive image of Etkabrand; they might feel less risk and would seriously take step for purchase of such products in this way. Finally, a positive significant relationship between image of Etkabrand and purchase intention of brand has been reported, and the desirable image of Etkabrand

cause an increase of purchase intention of Etka brand comes to realize. Quality of services that are offered by stores such as personnel and facilities that store has considered for customers form a positive image of brands offered with the name of store, and then a distinctive image of products in customer's mind by providing superior products and services can be built.

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