

**PURCHASE INTENTION FOR A PRIVATE LABEL BRAND:
DIRECT IMPACT OF FACTORS INCLUDING PRICE
SENSITIVITY, UNDERSTANDING BRAND, IMAGE OF PRIVATE
BRANDS AND MENTAL IMAGE OF STORE;
(CASE STUDY: ETKA CHAIN STORES)**

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Abstract

This paper intends to examine the direct impact of factors including Price sensitivity, Understanding Brand, Image of Private Brands and Mental image of store on Purchase intention of Eteka brands. This is aimed to examine the main purchase factors for customers' better purchase from Eteka chain stores. In this study, Simple random sampling was used to gather the necessary data among 300 purchasers of Eteka brands from two Eteka chain stores across Tehran. Two methods library and field methods have been used to collect data. Thereafter, the data collected as well as research hypotheses using SPSS software has been tested and examined. The results have shown that Understanding Brand, Image of Private Brands and Mental image of store affect customers' Purchase intention from private brands, but, Price sensitivity has not effect on customers' Purchase intention from private brands.

Keywords: Price sensitivity, Understanding Brand, Image of Private Brands, Mental image of store

Introduction

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 for development and expansion of chain stores throughout the world. In Iran, according to the emergence of new structure 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 very important role (Mirzaei, Mohsen, 2009). Among all types of brands, private brands have started their activity since the 1840s (Herstein, 2004, Gamliel), so that a substantial growth in most societies has been seen in recent years. According to an increasing importance of brand and severe competition among different brands, as well as an attempt to achieve higher contribution to market, retailers have taken step to build private brands. Private brands have recently been able to create a place in people's minds, and to expand its product and to attend the competition on this field and even have progress. This study intends to investigate private brands where on such brands in a near future could penetrate market, to allocate a share of the market. One big

problem the consumers faced with it in their purchase reported having a difficulty in choosing brand among different brands. Customers choose products regarding their impression and mentality on different brands. Understand and compare brands of various products for customers due to the sheer number and variety of products is difficult and time-consuming so that might lead to an accurate decision in products' purchase. Manufacturers seek to build customer loyalty towards their own brands to turn consumers' purchasing behavior into a habitual behavior towards their brand. Customer purchase experience acts as a determining factor that will result in customer purchase behavior, and then results in Repurchase or not to repurchase of products. Ilawa and Associates(2001) stated that customers' Purchase intention from private brands derives from the benefits as follows: 1- economic benefits, 2- Pleasure-seeking benefits, 3- expense payment benefit.

Economic or functional benefits relate to characteristics of products, causing customer refers to Functional Details and Concrete aspects of products. Other functional advantages include saving and quality, which not have any mistake(Ailawadi and etal 2001, Chandon and etal 2000).

In other words, Pleasure-seeking benefits relate to intangible and empirical characteristics of products. Among Pleasure-seeking benefits developed by advertising or store brands, entertainment, exploration, and expression have received a great deal of attention. Finally, Costs related to this purchase may include: brand replacement, searching, thinking and holding costs(Ailawadi and etal 2001). Further, about expense payment benefit, saving has received a particular attention where mentioned with financial constraints. For some consumers, price is an important factor in the purchase of private brands, focusing on products with low prices regardless of product Characteristics. Store brands have lower prices than national brands, and customers who feel Price sensitivity have positive attitudes towards private brands, tending to private brands(Omar 1996 , burton and etal 1998, Ailawadi and etal 2001,baltas and etal 1998 , Hansen and etal 2006, melina and etal 2002). Hence, this Price sensitivity might be related to customers' Purchase intention from private brands. However, store brands are attractive for families with low income, such brands have not been thought suitable for people with low income(AC Nielsen, 2005), so that they have other excuses rather than financial saving for Purchase from private brands. Hence, Financial constraints cannot affect Purchase from private brands because people can be attracted by different financial opportunities. Consumer attitudes towards quality is a good explanation for the choice of store brands(Erdem and etal 2004), whereby Price sensitivity consumers might less tend to purchase from store brands(Ailawadi and etal 2001, Livesey and etal 1978, Cunningham and etal 1982, Richardson and etal 1994).

Price sensitivity might directly associate to customers' Purchase intention from private brands. burton et al(1998) and Ailawadi etal(2000) showed that the customers who tend to pay less, desire to purchase from private brands(Ailawadi and etal 2001 , burton and etal 1998). This study has addressed main factors for better customers' purchase from Eteka stores. Indeed, this study addresses whether factors including Price sensitivity, Understanding Brand, Image of Private Brands and Mental image of store affect customers' Purchase intention from private brands or not so as to measure to what extent these factors affect customers' Purchase intention from private brands. In other words, researchers seek to fill the gap existing in private brands in order to examine how are the effects of these factors on customers' Purchase intention from private brands.

Literature review

Private brands

In recent years, various names have been given to private brands, which include distributor Brand, retail brand, private label, store brands, own brands and own labels. Any term can be used, mentioned that private brand is referenced to a brand owned by a retail sector. Such original brands are limited to large food chain stores(Burt, 2000); further, private brands are those brands built by retail sellers(Bao et al, 2011), mentioned as a brand owned by retail sector(Karry and Zaccourty, 2006), and/or soled to retail sellers(Akbay & Jones 2005), differentiating retail sellers from their rivals(Ailawadi, Keller 2004); private brands passed through a marketing view to sell the products with low price to be transformed to a marketing view which proposes higher value at quality and services(Davies, 1990).

Cause of building store brands:

Causes to build store brands include Distinguish retailers from facilities owned by rivals, increased unit sales and profit, boosting mental images on product quality and offer more choice to customers(Sprrott & Shimp 2004),(Dood & lindly 2003), Build loyalty to stores, increased controls on the store space, and the development of bargaining with producers and reduce essential space for national brands, and consequently intense pressure on producers for strong competition block control on market share and product prices(Akbay & Jones 2005). In this regards, there exists a large body of evidence where on retail sellers use store brands so as to improve segmenting customers and differentiating their own distribution chains from those of their rivals and attracting traffic towards their stores(Grozink & Hesse 2010). Further, store brands for retail sellers regarding the lower production costs, not expensive packaging, limited advertisements and Lower overhead costs result in decrease at products' price and provide an opportunity to increase customers desired to visit the store and build loyalty to store(Akbay, Jones. 2005). Such benefits for retail sellers cause tendency towards store brand increases.

Private brand awareness:

Customers need information in details to purchase a product, including:

Internal information: understanding brand

External information: color, price, brand name, characteristics of product and etc.

Internal information derives from knowledge retrieval from memory like previous experience which the consumers have about a brand, implied as brand cognition and/or an advertisement which sustains on customer's mind, but, external information derives from the sources like members of a family or friends and market(Park and Stoel, 2005).

Brand awareness results in increasing feeling, commitment and consumer cognition which also cause superiority of a brand rather than other brand get confirmed, causing consumers do not purchase other similar brands. Brand awareness creates value through five ways(Aaker, 1991).

A support for binding other brand characteristics to its name

Name recognition, basic first step in communication

Familiarity and popularity: show recognition of familiar brand. People who love fame, especially for low-involvement products such as soap, gum, tissues, are familiarity plays essential role in the purchase decision.

Permanence / commitment: brand awareness indicates presence, is committed to Permanence. Characteristics which are highly important to Industrial buyers and consumer of durable goods result in Permanence of a brand.

Considering brands:

the first step, the purchase process frequently has been the selection and paying attention to a group of brands. For instance, three or four brands are considered to choose an automotive or a computer system of whom, one is selected for purchase. Hence, reminiscing brand by customer is highly important especially if comes in mind for the first time as the first brand. Steiner and Lavyj(1961) proposed a model entitled Hierarchy model of effects which shows brand awareness during purchase process, the model shown as follow:

Awareness:

What received attention in Hierarchy model of effects assumed as specific Hierarchical steps needed for the addressee to pass through them while faced with different types of advertisements?

Six steps taken in this model have been summarized in three stages:

Cognitive step, relying on feelings and thoughts provides information by advertisements.

Emotional step, relying on feelings change advertisements implied with feelings.

Behavioral step, relying on motivations, says advertisements derive stimulus motivates.

The start point in this model considered Customer notification. Notification would not come to realize only while advertisements observed, but a particular plan is needed for Customer notification from products and services, brand name and company name.

Knowledge:

The time will come where the target customers have the basic knowledge, however, are seeking more information. At this step so as to increase target Customer notification, advantages, specific properties of products and services, as well as the differences existing between products and services have to be defined, clearly specified. Tendency: what considered in this step is the feeling the target customers show while faced with advertisement. Despite Customer notification from the previous step, at this step customers may not show tendency and come along with their negative view. Hence, it is better with increasing quality, value, type of submission as well as other specific properties of advertisement, takes step to increase customers' desire and tendency.

Preference: the more target customers' desire and tendency towards type of media which proposes advertisement increases, target customers would be more desired to accept and hear about that advertisement.

Being convinced:

At this step, the target customers needed to be convinced to purchase from business where the marketer has to make a huge effort to complete the process of purchase. While the customer convinced to purchase, however, might not come along in his/her purchase decision.

Purchase:

At final step, some target customers while convinced at previous step, would complete their purchase process and others would delay at gaining more information to come along in their purchase process (Steiner & Lavidge 1961).

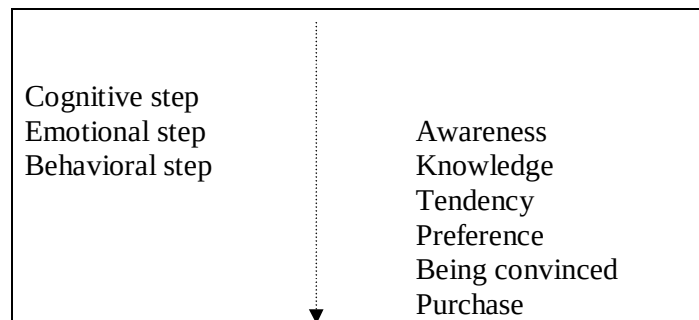


Figure 1. Hierarchy model of effects(1961)

Research conceptual framework

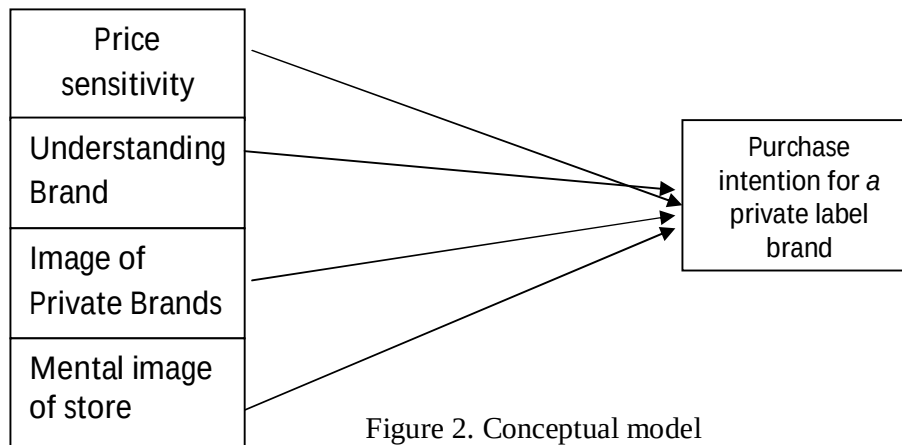


Figure 2. Conceptual model

Research hypotheses

- 1-There exists a positive relationship between Price sensitivity and Purchase intention for a private label brand
- 2- There exists a positive relationship between Understanding Brand and Purchase intention for a private label brand
- 3-There exists a positive relationship between Image of Private Brands and Purchase intention for a private label brand
- 4- There exists a positive relationship between Mental image of store and Purchase intention for a private label brand

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 Eteka store help for better purchase of customers from Eteka products or not. Further, descriptive research type has been used to collect data.

The statistical population in this study includes two stores from Eteka stores throughout Tehran where simple random sampling method has been used as the sampling method in this study. List of stores received from Eteka 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.

Measuring range of research:

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.

This study was conducted in two stores from Eteka stores, aiming at customers' Purchase intention from private brands (Eteka brand), where these products mainly food products were in different contexts.

In Iran, private brands are emerging day by day where Eteka products are further one of the brands which recently have had a substantial growth in this area. Currently, Eteka brand has supplied a variety of products with this brand name to market, focused mainly on food industry. The reason to choose Eteka brand in this study mentioned diversity of manufactured products.

Impact of research variables on customers' Purchase intention from private brands(Eteka brand) among lots of brands was a point considered, and customer purchase behavior about selecting Eteka brands was measured; hence, it is asked which of research variables affect customers' Purchase intention from private brands(Eteka brand).

Measuring research model

According to data from the questionnaires received, 300 samples using SPSS software were tested.

The relationship between Price sensitivity and Purchase intention

$$H_0 : \beta_1 = 0$$

$$H_1 : \beta_1 \neq 0$$

H₀: there does not exist a positive relationship between Price sensitivity and Purchase intention for a private label brand

H₁: there exists a positive relationship between Price sensitivity and Purchase intention for a private label brand

Table 1. Regression analysis

variable	B	Std. Err.	Beta	t	Significant
Price sensitivity	0/058	0/042	0/073	1/373	0/171

Since significance level equals 0.171, which is greater than error level(0.05), it can conclude at 95% confidence level that price sensitivity is removed from model. Further, it can conclude there does not exist a positive relationship between Price sensitivity and Purchase intention for a private label brand. Thereafter, first hypothesis is not confirmed. The relationship between Understanding Brand and Purchase intention

$$H_0 : \beta_2=0$$

$$H_1 : \beta_2 \neq 0$$

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

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

Table 2. Regression analysis

variable	B	Std. Err.	Beta	t	Significant
Familiarity to brand	0/134	0/049	0/153	2/733	0/007

Since significance level equals 0.007, which is less than error level(0.05), it can conclude at 95% confidence level that Understanding Brand remains in model, having the coefficient about 0.134. Further, it can conclude there exists a positive relationship between Understanding Brand and Purchase intention for *a* private label brand, mentioned a direct relationship. Thereafter, second hypothesis is confirmed.

Relationship between Image of Private Brands and Purchase intention

$$H_0 : \beta_3=0$$

$$H_1 : \beta_3 \neq 0$$

H₀: There does not exist a positive relationship between Image of Private Brands and 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 3. regression analysis

Variable	B	Std. Err.	Beta	t	Significant
Pb image	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, mentioned a direct relationship. Thereafter, third hypothesis is confirmed.

Relationship between Mental image of store and Purchase intention

$$H_0 : \beta_4=0$$

$$H_1 : \beta_4 \neq 0$$

H₀: there does not exist a positive relationship between Mental image of store and Purchase intention for *a* private label brand

H₁: there exists a positive relationship between Mental image of store and Purchase intention for *a* private label brand

Table 4. regression analysis

Variable	B	Std. Err.	Beta	t	Significant
Store brand image	0/180	0/084	0/180	2/157	0/032

Since significance level equals 0.032, which is less than error level(0.05), it can conclude at 95% confidence level that Mental image of store remains in model, having the coefficient about 0.134. Further, it can conclude there exists a positive relationship

between Mental image of store and Purchase intention for *a* private label brand, mentioned a direct relationship. Thereafter, fourth hypothesis is confirmed.

Conclusion

This paper intended to examine the direct impact of factors including Price sensitivity, Understanding Brand, Image of Private Brands and Mental image of store on Purchase intention of Eteka brands. In this regards, a variety of sources, frameworks and patterns were studied, where the conceptual model as referred above was provided. Research questions provided in hypotheses, tested using significance test and hypotheses regression. The first hypothesis was not confirmed, or better saying rejected. The second, third and fourth hypotheses were confirmed, or better says there was no reason to reject these hypotheses.

Table 5. a summary of results

Hypotheses	Results
there exists a positive relationship between Price sensitivity and Purchase intention for <i>a</i> private label brand	Rejected
there exists a positive relationship between Understanding Brand 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
there exists a positive relationship between Mental image of store and Purchase intention for <i>a</i> private label brand	Confirmed

As shown above, there does not exist a positive relationship between Price sensitivity and Purchase intention for *a* private label brand, and seeking to cheaper products with proper performance and quality does not affect customers' purchase from Eteka brands. A survey on second, third and fourth hypotheses says there exists a positive relationship between Understanding Brand and Purchase intention for *a* private label brand, there exists a positive relationship between Image of Private Brands and Purchase intention for *a* private label brand, and there exists a positive relationship between Mental image of store and Purchase intention for *a* private label brand. The individuals known between private brands, this would help them to have an impression from these products, and if this impression be positive, better purchase from Eteka brand would come to realize. Mental image from store brand has a positive effect on Purchase intention for *a* private label brand, where on further decoration and type of services submitted by store have a positive effect on Purchase intention for *a* private label brand; indeed, having an image from Eteka store affects their purchase from Eteka products. Mental image from products affects their Purchase intention for *a* private label brand. Further, to what extent products are close to mental image of individuals, this would directly affect products' purchase.

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