Role of Store Image and Service Quality on Imaging Goods with Private Label and Its Influence on Promoting Purchase Intention: A Case Study of Hyperstar Customers

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Abstract
Retailers’ brands maker with private label have significantly boosted market share in recent years. Creating new brands for goods or services provide differentiation with similar distributors. The main aim of this paper is to test which component can be more effective in consumers’ purchase intention based on using private label for goods’ image. This research data was collected by prior studies and a designed questionnaire. Our statistical population consists of customers and consumers of Hyperstar store in west of Tehran, Iran. The sample size of this study was determined by Cochran formula (n=196), which 200 questionnaire was distributed among the customers. Designed hypothesis tests were performed using Student’s t-statistic as implemented in SPSS software. The results of this study indicate that service quality, perceived risk and price consciousness of the customer have not significant influence on purchase intention. Furthermore, the effect of these elements on purchase intention is also rejected.

Keywords: Private label goods image, store image, Service quality, Perceived risk, Price consciousness, Purchase intention.
Introduction:  
As noted by Wheeler (2000), the conception of brand can be considered as a promise, big notion, reputation and expectation that reside in customers mind about the product and/or the company. According to Nair (2011), private label brands known as “store brands”, are brands owned by a retailer or supplier who obtains its products made through a contract with a manufacturer by own label.

The benefits of private label brands are quite interesting for both retailers (Ailawadi and Harlam 2004; Gonzalez-Benito and Martos-Partal 2012; Hoch and Banerji 1993; Keller 2013; Pauwels and Srinivasan 2004) and consumers (Davis 2013; Pauwels and Srinivasan 2004; Store-brand 2012). For consumers, very attractive price levels are offered for offer high quality products by private label brands (Davis 2013; Pauwels and Srinivasan 2004; Store-brand 2012). Therefore, private label brands have become consolidated in the food market, and also attained an objective quality similar to manufacturer brands with a competitive price (Rubio et al., 2014). As noted by Choi and Huddleston 2013, retailers usually offer a wider variety of private label products by improving their quality and image enable choose an alternative developed brand. This task can create exclusive position in the market. According to Kumar & Steenkamp (2007), the major objective is distribution.

Due to extension of private label goods in food production throughout European countries, our effort is to find out the answer of the following question: Could reliable store like Hyperstar provide the ground for good quality and service products which convert private label goods into a trustworthy brand?

Literature Review  
In this section, we intend to present the essential definitions and fundamental facts about effective components in consumers’ purchase intention that will be used in subsequent sections.

Private Label Brand (PLB) Image  
Brand image has been represented as the customers’ perception of brand that reflected by the brand associations sustained in consumer memory (Herzog, 1963; Keller, 1993a, b). Such kind of associations could be arisen from the direct experience of consumers or from the knowledge gained on a market offering or owing to the impact of a pre-existing association with an organization had on consumer as discussed by Keller (1993a, b). Surveying through the literature, one could categorized the associations into two groups called functional and symbolic (emotional) associations. The former reveal tangible attributes of products and the latter demonstrate intangible characteristics which meet consumer needs for social approval, personal expression or self-esteem (Keller, 1998; Hankinson and Cowking, 1993; de Chernatony, 1998). Other researchers introduced experiential attributes as the third category which linked with consumer feelings and experiences while consuming goods or services and the stimulation of inner need or variety satisfaction (see, e.g., Keller, 1998 and Park, 1986).

In this research study, the private label goods image as a two-dimensional structure includes: quality and the affective dimensions of PLB image. The quality refers to the quality of private label products and affective is corresponding to the preferred or customer satisfaction with private label goods (Vahie and Paswan, 2006).
**Store Image**

Customers often evaluate and then select retailers regarding to the image they project. Therefore, it is vital for retailers to communicate the right store image.

Store image is defined by a complex combination of both tangible (functional) and intangible (psychological) characteristics which attaches the consumer to a particular store (Beneke, Brito & Garvey, 2015). In addition, some monographs consider image as a complex configuration of functional attributes, consumer perceptions, and attitudes (Barbara Stern et al, 2001, p 214). The notion of store image has defined as the way in which the shopper’s mind pictures the store by Martineau (1958).

Store image has a major influence on the general evaluation of a product, perceptions of product quality, and purchase intentions of the product, although it is not a characteristic of a product itself which is an intrinsic attribute (Zeithaml, 1988).

Beneke et al. (2015) determined mostly studied store image attributes are product quality, store quality, store atmosphere, layout, service, convenience, price level and assortment.

In this research study, the theoretical and empirical studies are outlined in the following six main dimensions for determining a store’s image.

- Services, encompassing the operating personnel, possibilities of return, credit and delivery services;
- Convenience, related to a store’s place;
- Quality – it shows consumer/buyer satisfaction with product characteristics;
- Product selection variety;
- Product prices;
- A store’s atmosphere (see Vahie and Paswan, 2006).

Beristain and Zorilla (2011) and Vahie and Paswan (2006) stated that a better store image leads to a greater perception of private label brand image. Previous researches highlighted the store image has a direct and positive effect on the purchase intention of private label brands (Wu et al., 2011).

**Service Quality**

Wu et al (2011) noted that one of the key factors which effects on consumer decisions is service quality. In fact, better service quality result in a positive behavioral intention, increases the purchase intention of the consumers and the frequency of visiting the store (Carrillat et al., 2009; Fornell, 1992).

Researchers explicitly stated that customer’s notion of quality service mostly depend on actual performance of services versus customer’s expectations.

Carman (1990) states that SERVQUAL scale was too generic to be used for measuring retail service quality, and should be modified according to different services. The Retail Service Quality scale (RSQS) was proposed for studying the retail service quality in different retail settings by Dabholkar et al. (1996). The RSQS consists of quality dimensions such as physical appearance, reliability, personal interactions, problem solving and policy. This research study uses five dimensions scale to measure the retail service quality.

**Perceived Risk**

The level of perceived risk in a specific product category is considered as a fundamental factor in private label brand purchases (Richardson, Jain and Dick, 1996).

According to Stone and Gronhaug (1993), the concept of perceived risk often used by consumer researchers in order to explain the consumer’s perceptions of the uncertainty and adverse consequences of
purchasing a product or service. Depending on the behavioral contexts, brands and product categories of interest, the relevance and influence of the different types of perceived risk on consumer behavior varies (Mieres et al, 2006a).

Mitchell (1998) and also Beneke et al (2012) argues that the perceived risk can be “multidimensional phenomena” which can be partitioned to several risk consist of functional (performance), physical, financial, social and psychological risk.

According to Stone and Gronhaug (1993), the perceived risk as a three main risk dimensions structure includes financial risk, functional risk, and physiological risk in this study.

**Price Consciousness**
A research placed great emphasizes on influence of price-related determinants private label brand purchases (McNeill and Wyeth, 2011). Lichtenstein et al. (1993) proposed the definition of price consciousness as “the degree in which the consumer focuses exclusively on paying low prices”. This occurs when a consumer is unwilling to pay for a higher price for the distinguishing features of a product (Lichtenstein et al., 1993; Monroe and Petroshius, 1981; Sinha and Batra, 1999). This group of customers tends to adopt low cost policies and also apply price as a judgment standard for buying purchase.

The private label brand share and price consciousness consumers are affected by the economic recession, as noted by Hoch and Banerji (1993). Due to the low prices offering of private label brands, the consumers prefer to buy such kind of goods during economic recession (Hoch and Banerji, 1993). Low price is one of the main character (Diallo, 2012); and relevant factor of private label brands effecting consumers’ purchase intention (Boyle and Lathrop, 2013).

This research study uses 4-item scale to measure the price consciousness proposed by Sinha and Batra (1999).

**Purchase Intention**
According to Kotler (2000), consumers often are motivated by external factors that lead them to the purchase decision based on their personal characteristics and decision making process. Purchase intention is the most precise item of a marketers forecast of purchase behavior within the field of marketing research (see Morwitz and Schmittlein, 1992).

Spears and Singh (2004) discussed that an individual’s plan to buy goods is purchase intention.

The consumer intention to purchase certain goods or visiting special stores to buy a specific brand that they have chosen for themselves after certain evaluation is introduced as the purchase intention by Shao, Baker ND Wagner (2011).

In this research study, we use 2-item scale to measure the purchase intention of the private label brands suggested by Knight and Kim (2007).

**Research Hypotheses and Conceptual Model**
The main purpose of this research study is to identify factors affecting on private label goods imagery and improvement of consumer purchase intention. The objectives of this study are outlined as follows:

1) Identify the impact of store image on private label goods image.
2) Identify the impact of store image on consumer purchase intention.
3) Identify the impact of service quality on private label goods image.
4) Identify the impact of service quality on consumer purchase intention.
5) Identify the impact of private label goods image on perceived risk.  
6) Identify the impact of private label goods image on consumer purchase intention.  
7) Identify the impact of perceived risk on consumer price consciousness.  
8) Identify the impact of perceived risk on consumer purchase intention.  
9) Identify the impact of price consciousness on consumer purchase intention.  

Therefore, regarding the mentioned points the following hypothesis could be proposed:  
H1: Store image has a significant effect on the private label goods image.  
H2: Store image has a significant effect on the purchase intention.  
H3: Service quality has a significant effect on the private label goods image.  
H4: Service quality has a significant effect on the purchase intention.  
H5: Private label goods image has a significant effect on perceived risk.  
H6: Private label goods image has a significant effect on purchase intention.  
H7: Perceived risk has a significant effect on price consciousness.  
H8: Perceived risk has a significant effect on the purchase intention.  
H9: Price consciousness has a significant effect on purchase intention.  

Based on the stated hypotheses, the conceptual framework of this research is displayed in Figure 1.
Methodology
In this section, we present the methodology used for finding the more effective components in consumers’ purchase intention based on applying the private label for goods’ image.

Instrument
The population includes customers and consumers of Hyperstar store in west of Tehran, which is collected in fall of year 2014. Cochran formula is used in order to determine the required minimum sample size \( (n = 196) \). The required sample was chosen through simple random sampling (SRS) method. The main tool of the survey is questionnaire. Questionnaire is designed in two sections: in the first section, there is demographic information such as gender, age, marriage status, education, employment status, residence and income and in the second section there is some of the question attitude or value, which question variables are supposed to be evaluated. All items used for measuring constructs of sub-dimensions were measured on a 5-point Likert scale anchored by “1 = Strongly Disagree” and “5 = Strongly Agree”. Table 1 presents variables, items and Cronbach’s Alpha for each variable. To ascertain the reliability for all items obtained to be higher than 0.7 means that data are reliable.

Data Collection
The statistics sample contained 39.5 percent males and 60.5 percent female respondents. 36 percent were single and 64 percent are married. Highest frequency questionnaire aged between 20 and 30 years. 43 percent of respondents who have the bachelor’s degree seem to highest number and 2.5 percent respondents are under graduate (They didn’t have high school degrees). 51.5 percent employment status was evaluated most of the respondents are business man and 5.5 percent are unemployed. The most of consumer’s location has been west of the city of Tehran. At the end, the average of income of 49.5 percent of respondents is less than one million and the earning of 11 percent of them is more than two million.

Data Analysis: Findings
Normal distribution of data for each variable was tested with a Kolmogorov-Smirnov test at significance level of 5%. None violated the assumption of normality. Moreover, in order to avoid the impact of multicollinearity between independent variables and test it was used about tolerance or VIF. A tolerance of greater than 0.1 and/or a VIF of less than 10 are

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Item</th>
<th>Source</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store image</td>
<td>1-5</td>
<td>Collins-Dodd and Lindley (2003), Vahie and Paswan, (2006)</td>
<td>0.678</td>
</tr>
<tr>
<td>Service quality</td>
<td>6-19</td>
<td>Dabholkar et al (1996)</td>
<td>0.855</td>
</tr>
<tr>
<td>PLB image</td>
<td>20-24</td>
<td>Vahie and Paswan, (2006)</td>
<td>0.636</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>25-33</td>
<td>Stone and Gronhaug (1993)</td>
<td>0.815</td>
</tr>
<tr>
<td>Price consciousness</td>
<td>34-37</td>
<td>Sinha and Batra (1999)</td>
<td>0.834</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>38-39</td>
<td>Knight and Kim (2007)</td>
<td>0.882</td>
</tr>
<tr>
<td>Total questionnaire</td>
<td>39</td>
<td>-</td>
<td>0.832</td>
</tr>
</tbody>
</table>
### Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables in the model</th>
<th>Lowest score</th>
<th>Highest score</th>
<th>Mean score</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store image</td>
<td>2.00</td>
<td>5.00</td>
<td>3.6040</td>
<td>0.58763</td>
</tr>
<tr>
<td>Service quality</td>
<td>2.13</td>
<td>5.00</td>
<td>3.6537</td>
<td>0.56811</td>
</tr>
<tr>
<td>PLB image</td>
<td>1.00</td>
<td>5.00</td>
<td>3.7004</td>
<td>0.71080</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>1.56</td>
<td>3.78</td>
<td>2.7139</td>
<td>0.38460</td>
</tr>
<tr>
<td>Price consciousness</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0263</td>
<td>1.04346</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5075</td>
<td>1.05320</td>
</tr>
</tbody>
</table>

### Table 3. Path analysis and significance any hypothesis of the research

<table>
<thead>
<tr>
<th>Number hypothesis</th>
<th>Significance level</th>
<th>t-statistic</th>
<th>Standardized coefficients</th>
<th>Hypothesis testing</th>
<th>The results of previous studies (Wu et al, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.040</td>
<td>2.064</td>
<td>0.178</td>
<td>accepted</td>
<td>rejected</td>
</tr>
<tr>
<td>2</td>
<td>0.017</td>
<td>2.415</td>
<td>2.208</td>
<td>accepted</td>
<td>accepted</td>
</tr>
<tr>
<td>3</td>
<td>0.000</td>
<td>4.092</td>
<td>0.353</td>
<td>accepted</td>
<td>accepted</td>
</tr>
<tr>
<td>4</td>
<td>0.303</td>
<td>1.034</td>
<td>0.091</td>
<td>rejected</td>
<td>rejected</td>
</tr>
<tr>
<td>5</td>
<td>0.000</td>
<td>-4.178</td>
<td>-0.285</td>
<td>accepted</td>
<td>accepted</td>
</tr>
<tr>
<td>6</td>
<td>0.000</td>
<td>4.505</td>
<td>0.328</td>
<td>accepted</td>
<td>rejected</td>
</tr>
<tr>
<td>7</td>
<td>0.000</td>
<td>5.321</td>
<td>0.354</td>
<td>accepted</td>
<td>accepted</td>
</tr>
<tr>
<td>8</td>
<td>0.272</td>
<td>-1.102</td>
<td>-0.074</td>
<td>rejected</td>
<td>accepted</td>
</tr>
<tr>
<td>9</td>
<td>0.850</td>
<td>0.189</td>
<td>0.012</td>
<td>rejected</td>
<td>rejected</td>
</tr>
</tbody>
</table>

indicative of non-multicollinearity between independent variables and no effect on the estimated regression model.

As we have discussed, several variables are considered in the above-mentioned hypothesis. Therefore, the result of descriptive statistics variables ranking respondents are considered the mean ordinal variables come in Table 2. Therefore, at this stage it is possible to test the research hypotheses. Table 3 we have path analysis and an amount of “t” for each of the structures and the results of each test of the hypothesis. To accept the hypothesis should be an amount of “t” (higher that 1.96).

**Results and Suggestions**

After discussing the findings, this section would present conclusion based on those findings. According to Table 3, we can conclude the following results:

**Hypothesis 1**
Research hypothesis 1 is accepted and the effect is equal to 17.8 percent, which the amount is positive (direct).

**Hypothesis 2**
Research hypothesis 2 is accepted and the effect is equal to 20.8 percent, which the amount is positive (direct).

**Hypothesis 3**
Research hypothesis 3 is accepted and the effect is equal to 35.3 percent, which the amount is positive (direct).

**Hypothesis 4**
Research hypothesis 4 is rejected.
Hypothesis 5
Research hypothesis 5 is accepted and the effect is equal to 28.5 percent, which the amount is negative (indirect).

Hypothesis 6
Research hypothesis 6 is accepted and the effect is equal to 32.8 percent, which the amount is positive (direct).

Hypothesis 7
Research hypothesis 7 is accepted and the effect is equal to 35.4 percent, which the amount is positive (direct).

Hypothesis 8
Research hypothesis 8 is rejected.

Hypothesis 9
Research hypothesis 9 is rejected.

Now, we propose some suggestions based on the results of this research study:

1. Due to the increasing sales of private label products in stores throughout Europe, the results of this research have some explicit suggestions for store marketing managers about the development of such products. As a result, they can offer their products at the best location which facilitates the decision-making process for customers and establish a positive image among them.

2. Regarding to the expansion of store with private label goods, retailers should be careful in classifying selected products to enter and in allocating their resources to categories that have highest potential.

3. Retailers should do the necessary studies to identify reliable manufacturers to meet the needs and demands of their customers which lead to improve the quality and image of its customer.

4. Presentation products with good quality and partial discount in comparison with national brand products increase value of products in consumers’ mind which can effect on the process of buying behavior of consumers. Thus, perceptions of consumer from risk of private label goods also reduce.

5. According to our findings, some cases such as increasing service staff, improving product quality, increasing product variety and product choice, comfort, store atmosphere and offering products with appropriate price are the most important factors that improve the store image and directly cause increase purchase intention of private label goods.

6. Managers can also attempt to improve private label goods image by offering products that meet the customer’s expectation and setting up exclusive shelves for store goods which indirectly leads in consumer purchase intention of private label goods.

7. The results of this research study show that the service quality has a positive and considerable impact on the private label goods image. Therefore, marketing managers can enhance service quality through appropriate layout to move around, give sincere promises to customers, training CRM courses to increase employees' knowledge, properly handle customer complaints to improve the perception of consumers about the private label goods.
8. Marketing manager needs to plan and make efforts on consumers purchase from the store, provide better customer service, presenting products with reliable brand and appropriate price.

Limitations and Suggestions for Future Researches

The main limitation of this research study is the admissibility of generalization of outcomes. The findings of this research can not develop to other chain stores since this research was only studied the hyper star store in west of Tehran. The external intangible characteristics in this study are only a small section of large of factors that can effect on the consumer evaluation of private label products. The other important restrictions of this study are related to the non-proliferation of private label goods by retailers in different categories of products and also lack of familiarity and low awareness of the customers of the goods with private label in hyper star store. Finally, the results of this research are testable only on private label products.

We now summarize the suggestions for future researches as following:

- In order to increase the capability to generalize the results, researchers can apply the relations in assumption by focusing on other different distribution channels rather than retail stores.
- In this research study, we examined only six dimensions of store image. Other store image dimensions need to be further studied, such as easy payment, advertisement, promotions, and etc.
- For the sake of assessing the main factors of consumers attitude of private label goods, further research can look into other factors except price consciousness.
- In this paper, we showed that the price consciousness does not affect the purchase intention of the private label goods, as opposed to the results of previous studies (Batra and Sinha, 2000; Burton et al., 1998). Further work will be able to investigate this effect and compare the results.
- Future studies will be able to discuss whether the customer’s knowledge of the store identity can cause different evaluation of private label goods or not.
- Cultural differences regarding to use of private label products among consumers needs to be further studied in the future.
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