The Effect Of Store Image On Consumers' Store Brand Purchase Frequency And Perceived Quality Of Store Brands Around Chennai City

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INTRODUCTION

Store brands, also known as private labels, are main stream in many markets and are becoming more so, particularly in developing markets. As such, they constitute legitimate threats to established brands. As retailers update store brand packaging and roll out premium lines of private labels, shoppers seem increasingly willing to try these products.

Positive store image is a key asset for retailers to achieve and sustain success in an increasingly competitive marketplace. Because of this, retailers are trying to make their customers perceive their store image positively. Retailers who manage their image effectively can influence consumers' store patronage decisions and improve their competitive situation. On the other hand, store brands - that are unique to the store - may increase customer traffic and generate greater store loyalty.

Store image is composed of many dimensions and knowing which dimensions of the store image contribute positively to the perceived quality of store brands can provide retailers with a strategic advantage. By investing in those specific dimensions, they can gain the advantage of store image on the one hand and on the other hand, can transfer this positive image to the perceived quality of their store brands, which are generally perceived as low quality compared to the national brands. A store brand can be successful in one category and can be unsuccessful in another category. This may be because of the variances in promotional activities, design of package, and the perceived quality of store brands in different product categories or may be because of the store image.

In more developed Asia Pacific markets such as Australia, store brands enjoy a 25% share of sales. Conversely, other countries in the region with limited modern trade offer fewer store brands. Store brands follow Western retailers as they enter a market and local retailers are quick to follow suit with their own store brand lines. Thailand is a great example, where Carrefour recently launched an ad campaign exclusively featuring store brands.

The store brand uptake in Latin America is accelerating, thanks to the constantly improving quality, expansion into additional categories, store formats focusing on store brands, wider assortment, active promotion, advertising support, favorable store images, better store brand management and overall value delivered to the consumer. That rate of uptake varies by country, with a low 1% market share to a high 8% share in more developed markets. In Colombia, store brands grew 125% faster than manufacturer brands (27.3% store brand growth vs. 11.8% manufacturer growth from 2007 to 2008). In Chile, store brand growth outperformed overall product basket (26% vs. 14.6%). Some nations like Brazil and Venezuela lagged with a more passive trend.

In the marketing literature, store image and its dimensions are identified and studied by many researchers. However, store image's influence on consumers' store brand purchase frequency with its effect on perceived quality is rarely studied. Therefore, the main purpose of this study is to examine the influence of a set of dimensions of store image on customers' perceptions about the quality of store brands in the specific context of Chennai city.

OBJECTIVES OF THE STUDY

- To determine if the hypermarket's store image affects the perceived quality of store brands in and around Chennai City.
- To generate maximum benefits for the perceived quality of store brands.
- To determine whether store brands' quality affects store brand purchasing behavior and
- To identify whether the store image dimensions affect store brand purchasing behavior.

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This study provides retailers with preliminary answers to those questions and contributes to literature in retailing since there is are a limited number of an empirical studies (especially in Chennai) investigating the links between store image dimensions and perceived quality of store brands. This study's contribution to the literature is to identify the potential role of store image in the formation of store brands' perceived quality. Moreover, perceived quality's effect on the customers' store brand purchasing behavior is investigated. According to the differences between low users and high users of store brands, retailers may decide to implement different marketing strategies to improve the store brands' perceived quality of those different groups of consumers.

LITERATURE REVIEW

Martineau (1958, p. 47) defined the store image as "*The way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes*." For James et al. (1976), store image is "*A set of attitudes based upon evaluation of those store attributes deemed important by consumers.*" Parallel to this view, Engel and lackwell (Mazursky and Jacoby, 1986) defined store image as "*One type of attitude, measured across a number of dimensions, hopefully reflecting salient attributes*." On the basis of an extensive literature review, we have decided to adopt the conceptualization of Bloemer nd Ruyter (1998, p. 501) who defined store image as "*The complex of a consumer's perceptions of a store on different (salient) attributes.*"

In order to maintain and enhance their position in today's tough competitive environment, retailers can use store image as a strategic tool, which has a positive effect on profitability (Chowdhury et. al., 1998) and store performance (Hartman and Spiro, 2005). Additionally, store image can increase the customers' likelihood to shop in the store again (Hu and Jasper, 2007), length of stay in the store and quantity of purchase (Jacoby and Olson, 1985).

In the marketing literature investigated, there are little differences among authors with respect to dimensions of store image. The store image attributes applied in this study have been adapted from the related literature (Linquist, 1974; Mc Dougall and Fry, 1974); Jain and Etgar, 1976; Mazursky and Jacoby, 1986; Ghosh, 1990; Richardson et. al. 1994; Baker et. al., 1992; Bloemer and Ruyter, 1998; Chowdhury et. al., 1998; Samli et. al., 1998; Cudmore, 2000; Sirgy et. al., 2000; Collins-Dodd and Lindley, 2003; Semeijn et. al., 2004). ***Store image dimensions commonly mentioned by those studies are product variety, products' quality, prices, store atmosphere, employee service and location/convenience.***

In the U.S., product guarantees helped to establish store brand goods at parity with national brands on the quality criteria. Kroger stands as a store brand market leader, with roughly one-third of units sold being store brands. Safeway is a standout with its O Organic and Eating Right lines -a presence so strong the company is looking to license its store brand offerings to other retailers. Fully 80% of Aldi sales comprise of store brands. At Save-A-Lot, store brands account for 70% of sales. Costco- another strong store brand banner-has ventured into expensive categories like wine and in certain categories like nuts, and only offers private labels.

The Table 1(a) below details the recent market-share growth of private-labels/store-brand goods within the consumer-packaged-goods (CPG) universe.

Table 1(a)

Trends	Q1-07	Q2 - 07	Q3 - 07	Q4 - 07	Q1 - 08	Q2-08	Q3-08	Q4-08
Private-label unit share	21.2%	20.9%	21.2%	21.6%	21.2%	21.8%	22.3%	22.6%
Private-label $ share	16.1%	16.0%	16.5%	16.8%	16.8%	17.0%	17.4%	17.5%
US unemployment rate	4.4%	4.6%	4.7%	4.9%	5.1%	5.6%	6.2%	7.2%

Source: Private-label share data from IRI. Unemployment rate from Bureau of Labor Statistics.

The table gives the data till 2008 but the trend did continue in 2009. Unit and dollar share reached 22.8% and 17.6%, respectively, for the 52 weeks ending July 19, 2009.Store brands are going to be hugely important and significant drivers of growth for retailers in the foreseeable future -- especially within low-marketed categories .One reason why store brands will have continued success -- even as the economy improves -- is likely due to Walmart's renewed focus on its Great Value brand.

Undeniably, there is increased value for a retailer to carry store-branded products on its shelves. However, knowing what consumers desire and deciding how to manage assortment and variety of offerings will ultimately determine the success of a "less is more" strategy.

RESEARCH METHODOLOGY

H_1: Consumers' perceptions about merchandise variety affects the perceived quality of store brands.

H_2: Consumers' perceptions about merchandise quality affects the perceived quality of store brands.

With respect to the price dimension of store image, it was reported that low prices in the supermarkets do not have any impact on consumers' attitudes towards store brands. It may be because of the product specific nature of price effects on quality perceptions. A product's price solely is an indicator of perceived quality, whereas price level in the store is not. That's why we do not hypothesize an effect of price dimension of store image on perceived store brands quality.

H_3: Consumers' perceptions about the service affects the perceived quality of store brands.

According to environmental psychology, environmental factors such as interior design, store layout, lighting, color, music, overall cleanliness of the store, etc. influence the customer response. The shopper may believe that the store brands of a positively featured store may have good quality. It was found that store atmosphere has a positive influence on store brands' quality. In addition, it was found that the store brand quality was perceived to be higher in an aesthetically attractive store than in an aesthetically unattractive one. Aesthetically attractive stores were described as stores with wide aisles, creative layout, bright colors, modern fixtures, and a clean retail environment.

H_4: Consumers' perceptions about the store atmosphere affects the perceived quality of store brands.

As store brands are becoming more popular nowadays, the reason for this was stated as the quality of store brands. This may be related to the consumer buying habits. Consumers' perception about a store may be like whatever was purchased from that store is the very best product that money can buy. It is also reported that perceived quality and perceived value for cost affects not only brand purchase, but also the willingness to pay a price premium. We think that non-buyers and rarely buyers of store brands are more cautious or biased against the quality of store brands compared to frequent users. The reason for not/rarely buying store brands may be because of perceiving the quality of those products to be low. They may perceive store brands as lower quality products than frequent buyers.

So, it is hypothesized that:

H_5: The perceived quality of store brands affects store brand purchasing frequency.

It has been observed that there is a link between store image and intention to purchase a product. Purchase intentions are used in the literature as a predictor of subsequent purchase behavior. It also suggested that consumers, while shopping for groceries, are influenced by store image. That's why we hypothesized that:

H_6: Store image affects customers' store brand purchasing frequency.

Marketing literature has revealed that very little is known about the differences in factors affecting consumers' food choice and non-food choice for store brands. In this study, store image's effect on store branded products' perceived quality and consumers purchasing frequency are also investigated in the context of food and non-food categories.

QUESTIONNAIRE DESIGN

The measuring tool for store image was a self-administered questionnaire containing 19 items. The measuring scale used was a 5-point Likert scale as (strongly disagree and 5 strongly agree. The items considered evaluate the following factors: merchandise variety (4 items) merchandise quality (2 items), store atmosphere (9 items), and service (4 items). Those items were adopted from previous store image studies.

A five-point Likert scale was utilized to measure store image, using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, perceived quality of store brands (Compared to other brands of (product), (brand name) is of very high quality, purchasing frequency of store brands (how often -never, rarely, sometimes, often, and always- do you buy this hypermarket's store branded products, product category of the purchased store brand (food, non-food), and socio- demographic variables (age, gender, education, income) were also considered in the questionnaire.

SAMPLING

The questionnaire had been administered face-to-face on a sample of 378 Chennai-based consumers interviewed between May 2009 and September 2009. Now-a-days, in Chennai, there are an increasing number of stores esp. hypermarkets and the competition among them has never been so strong. As a result, it becomes harder for retailers to attract consumers and to differentiate their store image from the others, which in turn may affect their store brands' perceived quality. The respondents were selected at random and were surveyed after they had finished their shopping in the hypermarket. Most of the respondents who accepted to participate in the survey were average income earners and university graduates, 61 % of them were women. Table 1(b) provides the demographic profile of the sample in detail. Distribution of the consumers according to the usage rate of store brands is as follows: 22 % of the respondents were non-buyers, 26 % rarely buyers, 36% sometimes buyers, 15 % often buyers and 0.8% of the participants always bought store brands. In addition, 27% of participants', who bought store brands, preference of the store brands is for food category (milk, pulses, delicatessen, sugar, yoghurt etc.), whereas 54% of the respondents prefered non-food (detergents, cleaning materials etc.) category.

Table 1(b): Demographic Profile Of The Sample

Demographic Variables	Frequency (n)	Percentage (%)	Demographic Variables	Frequency (n)	Percentage (%)
GENDER			**INCOME LEVEL**		
Female	232	61.4	Low	25	6.6
Male	146	38.6	Medium	307	81.2
AGE			**EDUCATION LEVEL**		
20-29	49	13.1	High School	117	30.9
30-39	150	40.3	Undergraduate	152	40.2
40-49	104	27.8	Graduate	109	28.8
50+	75				

ANALYSIS AND FINDINGS

Stepwise principal component factor analysis was applied to identify factors (KMO: 0.816; 2271.701, d.f. 171, sig.000). The factors were identified as store atmosphere, merchandise variety, service, layout, merchandise quality. Three items were excluded from the analysis based on low communality values (<0.50). Their factor loadings and cronbach alpha coefficients showing their reliability are given in Table 2. Although store layout is regarded as a component in store atmosphere, according to factor analysis results, layout is perceived as a separate factor.

The reliability of the store image factors were found to be acceptable as given in Table 2.

Table 2

Store Image variables	Store Atmosphere (α= 0.71)	Merchandise Variety (α=0.78)	Service (α =0.73)	Layout (α=0.71)	Merchandise Quality (α=0.65)
This store smells nice	0.763				
Air conditioner is adapted according to weather	0.667				
I like the music played in the store	0.653				
I like colors used in this hypermarket	0.602				
I can find everything I need in this hypermarket		0.828			
I can find everything that I am looking for		0.765			
I can't find the items I'm trying to find ®		0.695			
This hypermarket has a variety of products		0.691			
Employees are helpful			0.738		
When I have a problem, employees are trying to solve sympathetically			0.714		
No problems when returning items			0.702		
Sales promotion are attractive			0.634		
This hypermarket is a nice place to shop				0.638	
I like this hypermarket's layout				0.588	
Products are fresh					0.814
I am satisfied with the products I bought					0.790

So hypothesis 4 should be divided into two as;

H4.a. Consumers' perceptions about the store atmosphere affect the perceived quality of store brands.

H4.b. Consumers' perceptions about the store layout affect the perceived quality of store brands.

In order to get a profile of the data, correlation matrices are listed in Table 3. Most of the variables are significantly correlated, stating that the store image variables which hypothesized to affect the perceived quality of store brands and store brand purchasing frequency are related.

Table 3: Correlation Matrices

	SD	Mean	1	2	3	4	5	6	7
Store brand purchasing frequency	2.47	1.02	1.00						
Store brands perceived quality	3.30	1.09	0.496*	1.00					
Store atmosphere	3.69	0.77	0.115*	0.235**	1.00				
Merchandise variety	4.35	0.68	-0.227	0.115*	0.331**	1.00			
Service	4.02	0.76	0.121*	0.150**	0.428**	0.261**	1.00		
Layout	4.00	0.97	0.122*	0.198*	0.504**	0.333**	0.368**	1.00	
Merchandize quality	4.21	0.87	0.018	0.131*	0.266**	0.251**	0.229**	0.335**	1.00

* $p < 0.05$. ** $p < 0.01$

Regression analysis is performed to test the hypothesis. Perceived quality of store brands is regressed on the store image factors -store atmosphere, merchandise variety, service, layout, merchandise quality. The results of the regression are given in Table 4. Regression parameters confirmed that store atmosphere affects the perceived quality of store brands. The more highly a consumer thinks of a store atmosphere, the more positively she/he will evaluate store brands. H1, H2 and H3 are, therefore, not supported by the data.

Table 4 : Regression Analysis Results For Store Brand Perceived Quality

Variables	Adj. R^2 = 0.055		N = 378
	β(B)	T	σ
Constant	1.525	3.395	0.001
Store atmosphere	0.227	2.541	0.011
Merchandize variety	0.022	0.241	0.809
Service	0.052	0.630	0.529
Layout	0.096	1.372	0.171
Merchandise quality	0.059	0.851	0.395

To investigate the effects of perceived quality of store brands and store image on store brand purchasing frequency, regression analysis is performed. Perceived quality of store brands is found to affect store brand purchasing frequency whereas store image does not. Hence, it can be concluded that consumers' store brand quality perceptions about the store brands influence consumers' store brands purchasing behavior in a positive sense and H5 is supported. On the other hand, store image has no effect on the consumers store brand purchasing behavior and H6 is rejected.

Table 5: Regression Analysis Results For Store Brand Purchasing Frequency

Variables	Adj. R2 = 0.055		N = 378
	β(B)	t	σ
Constant	0.987	6.793	0.000
Perceived Quality Of Store Brands	0.457	10.953	0.000

Hypothesis and their status are summarized in Table 6.

Other findings of this study are about the consumers' perceptions about the category variances. In food category, the effect of store image on the perceived quality of store brands is found to be statistically not significant. On the other hand, in non-food category, perceived quality of these products are affected by store atmosphere dimension of store image (R_2=0.094; β= 0.340; p<0.001). In addition, in food category, store brand purchasing frequency is affected by the perceived quality of store brands (R_2 =0.082; β= 0.236; p<0.01). In non-food category, store brand purchasing frequency is also affected by the perceived quality of store brands (R_2 =0.100; β= 0.251; p<0.001).

Table 6

	Hypothesis	Status
H1:	Consumers' perceptions about merchandise variety affect the perceived quality of store brands	X
H2:	Consumers' perceptions about merchandise quality affect the perceived quality of store brands.	X
H3.	Consumers' perceptions about the service affect the perceived quality of store brands.	X
H4a	Consumers' perceptions about the store atmosphere affect the perceived quality of store brands.	
H4b	Consumers' perceptions about the store layout affect the perceived quality of store brands.	X
H5.	The perceived quality of store brands affects store brand purchasing frequency.	
H6.	Store image affects customers' store brand purchasing frequency.	X

AMONG THE SURVEY'S OTHER FINDINGS

❁54 percent say that the recession is an "important" factor in purchasing decisions, with 32 percent responding that it is "very important."

❁35 percent of respondents have tried private label brand products in categories where they previously purchased name-brand products.

❁More than 30 percent of the respondents said that they are buying more private label brand products than they did a year ago.

❁Sales of store brands surged by more than 10 percent in 2008 to a record $83.3 billion,

❁Items with the biggest gap, between 50-60 percent are: Aspirin, Sinus Spray, Soda, Saltine Crackers And Body Lotion.

❁Consumers want to save money without sacrificing quality. They are trying store brand products, keeping the costlier items on the shelves.

❁Shoppers are more apt to grab the grocery brand over the bigger ticket products that used to fill the pantry.

❁Specific consumer characteristics are associated with interpersonal differences in store brand demand.

❁Store brand preferences derive from a broader evaluation process, in which quality has the most significant role.

❁The results also demonstrate the changing image of store brands, the endorsement of such products by consumers of higher socio- economic status, and lead to important implications for both retailers and manufacturers of consumer products.

QUALITY STORE BRANDS SCORE HIGH IN THE INDIAN MARKET

One strategy that appears to have worked well for India's organized retailers is the decision to create private labels or store brands.

❁At lifestyle retailer Shoppers' Stop, the three store brands together account for approximately 25 per cent of sales, up from around 20 per cent some six months ago. The picture is not too different at other retailers such as Ebony and Food World.

❁In grocery, retailer Food World's eponymous brand accounts for approximately 21 per cent of total sales. The company hopes to take the share of its store brand to 27 per cent of the total sales by the time the first phase of the private label initiative is over.

❁At Ebony too, the focus is on increasing the contribution of the store's brand. The company is also planning to extend the ETC label from apparel to accessories and home products.

❁Shoppers' Stop too is looking at pushing up the share of its store brands to around 30 per cent of the turnover. However, the company has reworked its portfolio over the last few months, eliminating one store brand. The effort will be to add more exclusivity to the store brands by adopting a different look.

TIPS FOR GROWING STORE BRANDS IN EMERGING MARKETS

- Study the category consumer before going upscale. Consumer understanding is the common thread among top-selling brands. It's not enough for a retailer to roll out a quality product in premium packaging.
- Disguise your premium store brands. Many consumers still associate private label with cheap knockoffs.
- Get your pricing right. The price gap between store brands and national brands varies significantly across categories. The same shopper who chooses private label bottled water for a 3% discount may require at least 20% savings for private label barbecue sauce.
- Offer multiple brands in multiple tiers. Although Costco may be the exception, most retailers are finding growth with multiple store brands. No one brand can stand for value and gourmet and healthy eating.
- Eliminate weak links. One bad product experience can hurt the entire store brand, not to mention the retail banner itself. Product quality needs to be consistent across each store brand.
- Promote your store brands. There's a wide range of feature ad support for private labels.
- Don't be too quick to drive out value brands. Some value brands can drive lower price and higher margins than retailers can achieve through private label. The shampoo category is an excellent example with some well-known brands at very low prices.
- Embrace a cause. Use package labeling to show how your store brand supports local suppliers, promotes health & wellness, saves the environment, or funds local charities.
- Understand the difference between strong sales vs. strong brand equity. Walmart's Great Value brand claims to be the #1 food brand across categories, but would shoppers ever choose Great Value over a national brand at the same price point?

CONCLUSION

From an academic viewpoint, this study contributes by illustrating that store image is a major strategic tool in the highly competitive retailing environment. Indeed, this research shows that the store image and more particularly, the store atmosphere-influences perceived quality of store brands. The more positive are the customers' perceptions of store atmosphere, the more positively the store brands will be perceived.

Moreover, consumers' perception about the quality of store brands is found to have an influence on their store brand purchasing frequency. As consumers perceive store brands of quality, they purchase those products more frequently. In addition to these findings, store image does not affect store brands perceived quality and perceived quality of store brands affects purchasing behavior in food category.

This paper shows the relevance of the implementation of strategies oriented to store image improvements. On our sample, it was shown that investments in store atmosphere could have a positive impact on consumers' perceptions about store brands quality. Retailers should, therefore, implement other marketing decisions than store image to attract new buyers of store brands, such as if possible, "*trial of store brands in the store*" which was found to benefit the perceived quality of store brands positively.

In addition, in order to reduce the functional risk perceived by the consumers, retailers can put more information on the store brands' package about their ingredients and performance. Although these strategies may affect the cost and in turn the prices of the store brands, these may increase the customers' likelihood of purchasing the store brands who does not buy just because of lower prices.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

- A key limitation of this research is the measurement of perceived quality of store brands with only one item.
- Intrinsic (i.e. product performance, taste, smell) and extrinsic cues (package, price, and brand name) could have been measured. In addition to intrinsic and extrinsic cues, other important store image dimensions that may affect perceived quality such as the store's attractiveness, involvement of the store in community programs, customer profile, and customers' general attitude towards the store could be evaluated.
- Participants' income and education level was mostly medium and university graduates respectively.

❁This study can be replicated in a larger sample to generate other levels of demographic variables.

❁In this study, hypermarkets' store image was measured, future research can overcome the mentioned limitations and replicate the study by a cross cultural research or/and in other types of stores such as convenience stores, specialty stores, supermarkets.

❁Furthermore, web-based stores' image and its influence on its store brands can be evaluated.

❁Moderating role of perceived quality of store brands on the relationship between store image and store brand purchasing frequency may be investigated for future research.

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