

**RETAIL BRAND**

**STUDY OF THE FACTORS AFFECT ON CUSTOMER'S**

**ATTITUDE AND PURCAHASE INTENTION:**

**THE CASE OF CUSTOMERS IN PENANG**

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**by**

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## **ABSTRAK**

Tujuan kajian ini adalah untuk menentukan kesan faktor persepsi pengguna seperti kesedaran tentang harga, persepsi variasi kualiti, persepsi mengenai pembungkusan dan kongruiti konsep sendiri sebagai pembolehubah luaran terhadap sikap terhadap jenama runcit. Di samping itu kesan sikap terhadap jenama runcit dan norma subjektif sebagai pembolehubah tidak bersandar ke atas niat pengguna untuk membeli jenama runcit bagi dua kategori produk iaitu produk makanan dan serbuk pencuci pakaian. Kajian lapangan dilakukan di kalangan pengguna di Pulau Pinang. Sejumlah 150 soal selidik yang boleh digunakan dikutip dan dianalisis secara statistik. Didapati kesedaran terhadap harga, persepsi terhadap pembungkusan dan kongruiti konsep sendiri sebagai pemboleh ubah luaran, melainkan persepsi perbezaan kualiti mempunyai kesan signifikan ke atas jenama runcit untuk produk makanan. Bagi produk jenama runcit pencuci, melainkan keputusan negatif bagi pembolehubah kongruiti konsep sendiri dan persepsi perbezaan kualiti, pembolehubah luaran yang lain menunjukkan kesan signifikan ke atas sikap terhadap jenama runcit. Juga didapati sikap terhadap jenama runcit dan norma subjektif pengguna mempengaruhi niat untuk membeli jenama runcit.

## **ABSTRACT**

The purpose of this research is to determine the impacts of consumers' perceptual factors like price consciousness, perceived quality variation, packaging perception and self-concept congruity as external variables on retail brand attitude, along with the effects of retail brand attitude and subjective norm as independent variables on customers' intention to purchase retail brand in two categories of retail brand products, food and detergent product. A survey was conducted on Penang's customers as sample. A total of 150 useable questionnaires were collected and statistically analyzed. It was found that price consciousness, packaging perception and self-concept congruity as the external variables, except perceived quality variation, had significant impacts on retail brand attitude for retail brand food product. For retail brand detergent products, except the negative results of self-concept congruity and perceived quality variation, the other external variables showed significant effects on retail brand attitude. Furthermore it was found that both retail brand attitude and subjective norm of customers had influences on intention to purchase retail brand.

# CHAPTER 1

## INTRODUCTION

### **1.1 Introduction**

In this chapter, first the background of the study that is an overview on the importance of the subject that we are going to study will be provided. Second section is the problem statement that briefly describes the main issue which this research is going to explain. Third section will be research questions and the objectives of the study. Fourth is the significant of this study. Fifth is terminology, in which the most frequently used terminology will be defined and last section is the organization of this study that contains a brief summary of the contents of the chapters 2-5 of this thesis.

### **1.2 Background of the study**

Brand is a significant word and has a broad meaning in the business fields. Many specific definitions of brand display it's functionality as a logo, a legal instrument, a company, a risk reducer, an identity system, an image, a value system, a personality, an added value , a relationship contributor and an evolving entity (De Chernatony & Dall'olmo Riley, 1998).

Retailers have their own brands. With intrusion of retailer brands into the packaged good market in the 1980s and the 1990s, retailers could increase their average market share from 15.3 percent in 1988 to 20 percent in 1998 (Cortsjens &Lal, 2000; Dunne & Narasimhan,1999; Hoch,1996). Morris (1979) defined a retail brand as a product produced by a distributor or on behalf of that has retailer's own name or trademark and sold in the retailer's store.

Now a days, increasing the significant of retail brand which called differently as private brand or own brand in grocery stores has changed many customers' attitudes and purchase behaviors. Retailers create, administer and sell their own brands in their stores in order to increase their sales. They invest greatly in their own brands to attract more customers' attentions, to develop their equities and to empower their competitive presence in the contest with manufacturers by achieving more market share and sales increase. Kotler (2003) defined a retailer brand as a brand that owned, controlled and merchandised by a retailer and sold in the retailer's store. According to Fratto, Jones and Cassill (2006), the retail brand presents the lower prices products to the customers to attract them and reduces the supply chain links. Liesse (1993), Richardson et al. (1996), Steenkamp and Dekimpe (1997) believed that the retail brands raise the store's traffic and consumers' loyalties. Also McMaster (1987), Cortsjens and Lal (2000) considered the customer's attraction and loyal-building capacity sides of retail branding.

Buck (1997) and Burt (2000) stated that in Europe, retail brands volume market shares have been increased from 13 to 49 percent and compete with international manufacturer's brands. Hoch (1996) posited that 36 percent dollar sales of grocery market are in UK, 25 percent in Canada, 24 percent in Germany and 24 percent in France. Also Dunne and Narasimhan (1999, pp. 41-8) said, "one- fifth of all groceries in the USA are currently sold under retailers' names". It is obvious that the growths of volume market shares empower the retailers' bargaining and change their relationships with manufacturers. In addition to market share, retail brands develop the profitability of the stores (Ailawadi & Harlam, 2004) and provide retailers different strategies in their competition with other stores (Davies, 1990).

By developing the multinational retailing in the global markets, evaluation of customers' characteristics and their attitudes toward retail branding are getting important and crucial. Hoch (1996, pp.89-102), Hoch and Banerji (1993, pp.57-67) and Steenkamp and Dekimpe (1997, pp.917-30) stated "Contribution of retail brand over retail sale is not only dependent on countries' retail structures, such as size of national brand market, the level of retail concentration, advertising rate by manufacturer, economies of scale, retailing scope and management talent, but also on customers' characteristics for which retail brand research in other international markets has been sparse". Collectivism cultures and individualism cultures are the examples of such characteristic. Collectivism cultures don't prefer retail brand because of their relying on extrinsic cues like well known brand (De Mooij & Hofstede, 2002). Thus, in retail market internationalization, the study of retail brand should be considered based on international customers' attitudes.

In spite of many important growth occurred in grocery market and over retail brand, little studies have been done on the factors which play a determinant roles on retail brand attitude and consequently on purchase behavior. These factors which classified in three categories; personality (Myers, 1966; Burton et al., 1998), perceptual (Garrestson et al., 2002) and socioeconomic (Batra & Sinha, 2000; Richardson et al., 1996) are associated with retail brand attitude. From the three categories, customer's perceptual characteristics are the factors mostly connected to retail brand purchase behavior. Different customer's perceptual characteristics like price consciousness, perceived quality, price-quality perception, value consciousness, perceived price fairness, smart shopper self perception, self-concept congruity, familiarity with retail brand and brand loyalty have been identified (Bettman, 1974; Burton et al., 1998; Garretson et al.,

2002; Schindler, 1992; Richardson et al., 1996). Price and quality of retail brand are determined as the factors which are important for purchasing retail brands (Hoch & Banerji, 1993; Hoch, 1996). The evaluation of price and quality has been considered together because there is a connection between their concepts. When the multidimensional aspects of price are studied, price should be considered in relation to quality (Lichtenstein et al., 1993). For some customers, lowest price can be a main choice in purchasing but for others, price can be a choice based on the quality. Because of having different product categories in retail brand market (Dhar & Hoch, 1997) and different customers' responses to brand and price of product categories (Monroe & Krishnan, 1985), it should be concluded that there will be different attitudes toward the product categories.

This study provides a model that integrates price consciousness, perceived quality variation, packaging perception and self-concept congruity for retail brand attitude, subjective norm and purchase intention and tests the model in two product categories, food and detergent products in Malaysia retailers' stores in Penang state. While many retailers such as Tesco or Carrefour have increased their retail brands in many product categories other than food, like detergent, many previous studies considered grocery retail brand in a grocery chain setting (i.e. Burton et al., 1998; Garreston et al., 2002; Hoch, 1996; Sinha & Batra, 1999; Richardson et al., 1996). There are largest source of difference in retail brand share across markets for product category (Dhar & Hoch, 1997) and customers' responses to brand products are different by product category (Monroe & Krishnan, 1985). Therefore, it will be logical to say that customer attitude toward retail brand is different by product category. The study is based on the Theory of

Reasoned action (Fishbein & Ajzen, 1975; Fishbein & Ajzen, 1980) which will be explained deeply in chapter 2.

In the third quarter of 2008, a reasonable growth of 4.7 percent has been recorded for Malaysian economy. The growth resulted from services and manufacturing sectors on the supplying part. The increase in services sector was 7.1 percent after 8.2 percent increase in the last quarter. From this growth, 9.4 percent was dedicated to wholesalers and retailers which got to double-digit growth during past five quarters ([www.statistics.gov.my](http://www.statistics.gov.my), access in 24/12/2008).

Because of having a small population and relative industry maturity in one hand and offering attractive returns for increasingly consumer-oriented market on the other hand, Malaysia is frequently becoming an interesting and challenging market for investors. The high level of investments in grocery retail industry into Malaysia provide the suggestion that consumerism still exist. While Carrefour invested US\$374mn for doubling its hypermarket business, Tesco another multinational competitor pledged US\$240mn for opening new hypermarkets into Malaysia. Assessing the detailed growth of these leading retailers shows that the development needs to be targeted according to consumer's needs and perceptions in such a small market. All the retailers have invested on the growth of retail brands in Malaysia to balance between the customers' needs to the new retailing market and the barriers that still exist in this emerging market ([www.researchandmarkets.com](http://www.researchandmarkets.com), access in 24/11/2008).

In spite of the great occurrence of consolidation in Malaysia's mass grocery retail (MGR) sector and strong sales growth in this sector – the forecasting of total MGR sales growth of 25.9% to 2011- Malaysia is still a battle field for retail brand products which it also results from low per-capita consumption ([www.researchandmarkets.com](http://www.researchandmarkets.com), access in 24/11/2008).

This research tries to find the relationships between the customers' perceptual factors (price consciousness, perceived quality variation, packaging perception, self-concept congruity) and attitude toward retail brand and consequently to examine the relationship between the attitude and subjective norm of the customers and their intention to purchase retail brands in Malaysia. This study is based on Theory of Reasoned Action (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980). In terms of TRA, two main factors determine customers' intentions for buying retail brand products, one is attitude toward retail brand product that it is personality and the other is subjective norm that is social's influence on a person. In this study, the effects of attitude and subjective norm on intention are tested and it is similar with the variables used in TRA model.

### **1.3 Problem statement**

Based on the above mentioned low per-capita consumption of retail brand products and the market challenges that still exist in Malaysia for retail brand products purchases, this study is trying to identify that intention to purchase retail brand products are expected to be influenced by attitude and subjective norm of customers. The relationship of retail brand attitude and subjective norm with purchase intention of retail brand would be tested in two different retail brand products, food and detergent in Penang.

This study also identify whether perceptual factors influence on attitude toward retail brand products. In spite of the significant growth happened in grocery market and over retail brand, little studies have been done on customers' perceptual factors. In this research customers' perceptual factors like price consciousness, perceived quality variation, packaging perception,

self-concept congruity have been chosen because the customers' perceptual characteristics are mostly connected to retail brand purchase behavior (Batra & Sinha, 2000; Richardson et al., 1996).

#### **1.4 Research questions**

- 1) Is there any relationship between price consciousness and retail brand attitude?
- 2) Is there any relationship between perceived quality variation and retail brand attitude?
- 3) Is there any relationship between packaging perception and retail brand attitude?
- 4) Is there any relationship between self-concept congruity and retail brand attitude?
- 5) Is there any relationship between retail brand attitude and intention to purchase retail brand?
- 6) Is there any relationship between subjective norm and intention to purchase retail brand?

#### **1.5 Research objectives**

- 1) To identify whether price consciousness affects retail brand attitude.
- 2) To identify whether perceived quality variation affects retail brand attitude.
- 3) To identify whether packaging perception affects retail brand attitude.
- 4) To identify whether self-concept congruity affects retail brand attitude.
- 5) To identify whether retail brand attitude affects intention to purchase retail brand.
- 6) To identify whether subjective norm affects intention to purchase retail brand.

## **1.6 Significance of the study**

This study is significant in terms of identifying the customers' perceptual factors that affect on the attitude toward retail brand and indicating the relationship that exist between retail brand attitude and purchase intention of retail brand and moreover showing the relationship between subjective norm and purchase intention of retail brand. While retailers are more aware of knowing their customers and their behaviors, having information of the customers can be an important mean for improving successful strategies (Foxall & GoldSmith, 1994). Similar to any profit-making firm, retailers try to adjust themselves and predict their environments with their market perceptions and by providing better offers based on customers' perceptions of retail brands. Retailers should try to obtain and maintain more loyal customers and increase their stores profitability by identifying the factors which can affect attitude and the motivational impacts and promotions on behavior to boost customers' purchase intentions toward their retail brands.

### **1.6.1 Theoretical Contribution**

In terms of theoretical significance, the Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1975 & 1980) will be used. The purpose of this research is to discover the relationships between customers' perceptual factors and retail brand attitude, the relationship among retail brand attitude and retail brand purchase intention and finally the relationship that exist between subjective norm and intention to purchase retail brand. In this study, the customer's perceptual factors like price consciousness, perceived quality variation, packaging perception and self-concept congruity are external variables. Retail brand attitude and subjective norm are independent variable and intention to purchase retail brand is dependent variable.

## **1.6.2 Practical Contribution**

This study is significant to understand the factors that impact on retail brand attitude and intention to purchase retail brand.

First, the significance of price consciousness and perceived quality variation displays that retailers can increase the customers purchase intention to retail brand products by lowering the prices and decreasing the perceived quality variation. Of course it should be noted that lowering the price can increase the retailers and manufacturers' competitions and it can bring retailers loss of profit. So retailers should be very careful in price determination.

Second, packaging as a communicational instrument can increase retail brand purchase intention and retailers' sales and profit. Therefore retailers should be cautious in choosing their packaging design and the information that a package can provide.

Finally, retailers should think of self-concept congruity of their customers. By providing a good designed retail brand product and favourable image of the products they can increase customer's self congruity that can lead to increasing of retail brand purchase intention.

## **1.7 Definition of key terms**

The definitions for some of the terminologies that are used in this thesis are provided in this section:

### **1.7.1 Price consciousness**

Price consciousness is the degree of customer's concentration of paying for low prices products (Lichtenstein et al., 1993). Low price has been considered as the most important cause

for purchasing of retail brand (Burger and Schott, 1972; Burton et al., 1998; Sinha & Batra, 1999).

### **1.7.2 Perceived quality variation**

Perceived quality variation is defined as a customer's preference to choose a product by comparing the qualities of two alternatives in the same category and based on their prices (Byoung-ho & Yong, 2005). According to Sethuraman and Cole (1997), customers' intention to buy a brand increases when the quality variation is less between two products.

### **1.7.3 Packaging perception**

Packaging perception refers to the communicational role of packaging and the information a package provides. Behaegel (1991) and Peters (1994) said that packaging as a communication instrument can involve with customers when they need information of a product.

### **1.7.4 Self-concept congruity**

Self-concept congruity refers to the congruity that exists between a person's self-concept and his/her image of something (Prendergast; Tsang & Yu Lo, 2008). Belk (1988) stated that people with self-concept congruity have higher purchase intention.

### **1.7.5 Retail brand Attitude**

Fishbein and Ajzen (1975) defined attitude as a person's positive and negative feelings when a behavior is performed. Ajzen (1991) added that attitude lead to the extent that a person has a favorable or unfavorable assessment of a behavior.

### **1.7.6 Subjective Norm**

According to Ajzen (1991) subjective norm is an individual's beliefs which are affected by society. Society can be family, friends or co-workers. In this process the individual should or should not perform a certain behavior.

### **1.7.7 Intention to purchase retail brand**

Fishbein and Ajzen (1975) defined behavior intention as the perception of a person for showing a particular behavior or activities. Choosing or buying decision of retail brand is affected by degree of intention's involvement.

## **1.8 Organization of Remaining Chapters**

Basically, chapter 1 is the introduction of the study, chapter 2 is the literature review, a theoretical framework is developed to show the relationship between variables and hypotheses. Chapter 3 focuses on the methodology of the study that covers the research design, population and sampling method, variables, measures, data collection and data analysis. The result of the study will be presented in chapter 4. Chapter 5 discusses and concludes the finding of the study.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter starts with a description of Theory of Reasoned Action. The next sections focus on the previous studies on price consciousness, quality perception variation, packaging perception and self-concept congruity. The following section involves research on retail brand attitude. Then the concept of subjective norm is discussed. The next section discusses the previous research studies on intention and purchase intention and the final section discusses the hypotheses that are formulated to be evaluated in this research.

#### **2.2 Retailers in Malaysia**

Retailing is continuously subjected to the external factors such as customer behavior, rival competition, technological progress and societal values (Lusch, 1982). Since the 1980, a great and tremendous growth has happened in Malaysia retail industry. From 1990s and after the first appearances, the foreign-owned hypermarkets such as Giant Retail, Jaya Jusco, Makro, Parkson, Carrefour and Tesco gained fast popularity in Malaysia. As at the December 31, 2003 the numbers of foreign-owned hypermarkets were forty three stores in Malaysia. For example, Jusco with eleven stores, Giant with twelve stores, Carrefour with seven stores, Tesco with five stores and Makro with eight stores were the foreign-owned hypermarkets in Malaysia. (www.pwc.com, access in 21/11/2008). Based on Lim, Nurwati and Ghafar Ahmad study (2003), it has been found that the numbers of eleven stores of these hypermarkets are located in higher

developed states in Malaysia like Johor, Melaka, Negeri Sembilan, Perak, Penang and Federal Territory Kuala Lumpur.

The net sales of each hypermarket in 2003 were, 361 million USD for Jusco, 234 million USD for Carrefour, 220 million USD for Tesco, 195 million USD for Makro and 487 million USD for Giant.

### **2.3 Retail brand**

Branding is a strategic parameter in the minds of decision makers in manufacturing business and in retailing industries (De Chernatony & Riley, 1998). Traditionally, the retailers used to sell the manufacturer's brands but for increasing their margins and powers, developing the category assortments, making retailers' images and distinguish themselves from manufacturers, they developed their own brands (Burt, 2000; Laaksonen & Reynolds, 1994).

At first, retail brand products provided as the low price choice to manufacturer brands. But over time retailers started their competition with manufacturer brands over product quality and price. Burt and Sparks (2002) and Laaksonen (1994) distinguished between five generations of retailer brands. The functional products, sold without a name, are the first generation of retailer brands. The product has a lesser quality and image compared to manufacturer brands and also gives an alternative in pricing. The own-label products are the second generation that has medium qualities but their qualities are still lower than manufacturer brands. Supported own brands, the third generation, have the comparable qualities and images to manufacturer brands. The fourth generation of retail brands, the extended own brands, have the same or better qualities

than the manufacturer brands. Davies (1992) called the fifth generation of retailer brand as brand or cooperate brands that produce positive identity for retailers.

## **2.4 Retail Brand in Malaysia**

In the past nineteen years in Malaysia, hypermarkets have dominated the retail market showing growth in sales in recent years. Retail brand products in Malaysian generate 10 percent of total sales of retailers. (www.pwc.com, access in 21/11/2008). Many retailers in Malaysia provided their own-brand products in their stores in order to differentiate themselves from their competitors. For example Tesco provides more than 1400 of their own brand products in both food and non-food items. There are three different ranges of retail brand products for Tesco brands: Tesco Value, Tesco Choice and Tesco UK product ranges. The different of ranges would be based on brand products values, qualities and prices (www.Tesco.com, accesses in 25/11/2008). In Penang's Tesco hypermarkets only 2 ranges of Tesco branded products observed, Tesco Value range and Tesco Choice range.

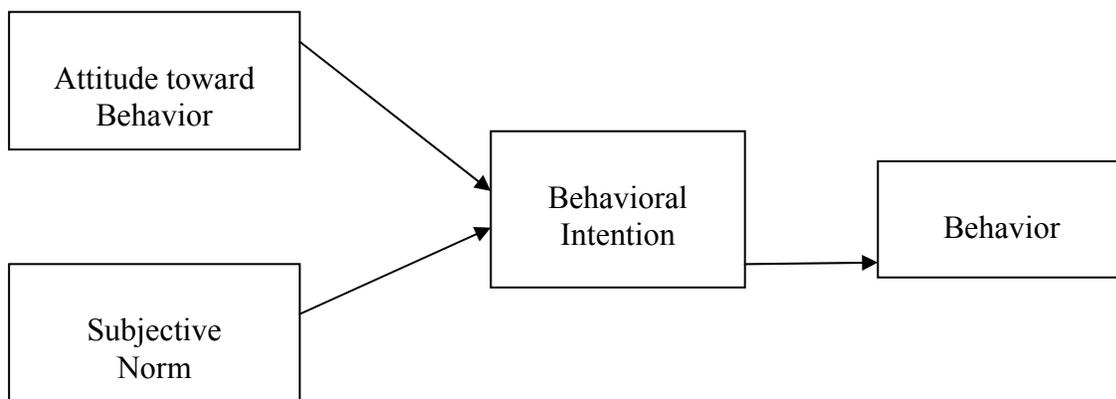
## **2.5 Theory of Reasoned Action**

This research employed its theoretical model based on Theory of Reasoned Action (TRA) to find out the factors that have effects on retail brand attitude and retail brand purchase intention in Penang. Fishbein (1980) explained that the Theory of Reasoned Action clarifies the performance of a certain buying behavior. As it can be seen in Figure 2.1, Fishbein and Ajzen (1975) categorized beliefs into two separate concepts: Behavioral and Normative beliefs.

Behavioral beliefs affect an individual's attitude toward performing a behavior while normative beliefs affect the individual's subjective norm of performing the behavior.

The attitude and subjective norm are the factors which affect the purchase behavior directly (Ryan & Bonfield, 1975). Ryan and Bonfield (1975) stated that the measurements of these two factors show that the attitude and subjective norm separately affect on purchase behavior. To predict a purchase behavior, it is important and crucial to measure an individual attitude toward that behavior not just the general attitude (Lutz, 1991). For example, a person's attitude toward retail brands is favorable, but the person may never buy the products.

Subjective norm, the second determinant of behavior, measures the social influences on a person's behavior. Family member's expectations are an obvious example of subjective norm. The difference of theory of reasoned action with other attitude theories is that it measures the normative effects into an overall model and also provides a relationship between attitude, subjective norm and intention.



**Figure 2.1 Theory of Reasoned Action (TRA), Source: Fishbein and Ajzen (1975)**

The theory of planned behavior (TPB) that was the extension of TRA theory developed by Fishbein and Ajzen (1975, 1980) replied to the TRA limitations that only measured the individual attitude toward the behavior and social influences on a person's behavior. In TPB model the perceived behavioral control was added based on the perception of carrying out a behavior by possessing necessary resources and opportunities. Perceived control is defined as "people's perception of the ease of difficulty for performing the interested behavior" (Ajzen, 1991, pp.179-211). In this model, attitude, subjective norms and perceived behavioral control would be connected with behavioral intentions. Sheppard et al. (1988) stated that Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) are very valuable in forecasting some behaviors.

This research is concentrated on two key factors which influence on customers' intentions of purchasing retail brands. The first factor is retail brand attitude that is based on individual beliefs and the second, subjective norm is concentrating on social's influence on a person and the role which it has on customers' intentions to purchase retail brands. Regularly, purchasing of retail brands is an easy decision based on customers' daily purchasing experiences. Also, the effects of some external variables like price consciousness, perceived quality variation, packaging perception and self-concept congruity were considered that may have drastic effects on the first factor, attitude of retail brand and thereby have an influence on purchase intention.

## **2.6 Price Consciousness**

Price is a major factor which has very significant position in customers' decisions making and their behaviors and it is a tool to measure the value of the products globally. Helegeson and

Beatty (1985) reflected that price perception as a product cue has an important role in customer's decision making in different cultures. Lichtenstein et al. (1993) supposed that there are positive and negative roles for price as a multidimensional cue. The positive and negative roles of price have the effective and predictive influence on customer's behaviors (Lichtenstein et al., 1993). According to Dawar and Parker (1994) customers usually use their price conceptions to get the values of the products. Customer's positive perception of price shows the quality and prestige. Thus the customer is higher price favorable when she/he has positive perceived price. Lichtenstein et al., (1993) believed that a customer's perception of a high price product is a product that has a high quality.

There are different definitions for price consciousness. In this study the term price consciousness mainly defined as "the degree to which the customer focuses exclusively on paying low prices" (Lichtenstein et al., 1993, pp.235). Burger and Schott (1972), Burton et al., (1998) and Sinha and Batra (1999) explained that the most significant cause for purchasing of retail brand is low price. The data gathered from 12 different product categories show that price consciousness increases the retail brand purchase intention directly and very strongly predicts this growth (Batra & Sinha, 2000).

A customer's price consciousness varies based on the products' categories and perceived risk for different products. Monroe and Krishnan (1985) supposed that customers have different price consciousness for different product category. Monroe and Krishnan (1985) also considered that the different reactions of customers toward the price consciousness can be resulted from their perceived risk and importance of the products. When the perception of risk for a consumer

is great and the price of products provided by other brands is not fair, the customers are more price consciousness within a product category (Sinha &Batra, 1999).

To state about the relationship of price consciousness and retail brand attitude, it is worthwhile to note that the direct and positive relationship between price consciousness and purchase intention (Batra & Sinha, 2000) can be resulted from the positive effect that the price consciousness has on retail brand attitude and if we accept the Lichtenstein et al. (1993), Burton et al. (1998) and Sinha and Batra(1999) definitions of price consciousness as the level of customers focuses on paying low prices we can considered that a retail brand attitude increased by a higher price consciousness.

## **2.7 Perceived Quality Variation**

Perceived quality variation has a significant role in a customer's decision making and it would be defined as a customer's preference to choose a product by comparing the qualities of two alternatives in the same category and based on their prices (Byoungho &Yong, 2005). According to Byoungho and Yong (2005) a customer decision of buying a retail brand over a manufacture brand can be made on the concern that the quality variation between the retail brand and manufacturer brand is minimal or adequate based on their compared prices. In other words, less quality difference or variation between retail brand and manufacturer brand can lead to higher retail brand buying decision.

Sethuraman and Cole (1997) found that perceived quality variation is the main reason of customers' intentions to buy and paying more for manufacturers' brands. Batra and Sinha (2000) discovered that perceived quality variation can affect on retail brand purchases indirectly when

customers make a mistake to choose the brands. Furthermore Richardson et al. (1996) believed that perceived quality variation among the manufacturers' brand and retailers' brand can raise the perceived value of money for retailers brand and consequently can increase the retailer's power. In their studies on Korean discounts shoppers, Byoungho & Yong (2005) found that perceived quality variation does not affect on retail brand attitude and intention to purchase retail brand for food products. But for home appliance category, Byoungho & Yong (2005) understood that there is a negative relationship between perceived quality variation and retail brand purchase intention. This finding mentioned that Korean discounts shoppers considered the quality of home appliance category.

Perceived quality between the manufacturer brands and retailer brands have been studied for a long time. A customer's perception of a product quality is a good product design with advantage of a brand relative to others. Perceived quality explains the manufacturers' superiorities in products qualities very clearly. According to Chueh and Kao (2004), Villarejo-Ramos and Sanchez-Franco (2005) perceived quality defined as the customer's perception of a product advantage and superiority. D'Astous and Saint-Louis (2005) assumed that manufacturers in compare to retailers are more proficient in providing the good designed products and technology (Steiner, 2004). Moreover Babakus et al. (2004) supposed that the manufacturers have more ability to produce quality products. The higher perceived quality of the manufacturers' brand products than the retailer' brand products is approved in Sanjoy and Oded (2001) and Steiner(2004) studies too. But, Mirannda and Joshi (2003) oppositely think that the retailers have tried to develop the quality of retail brand products to overcome their weaknesses.

It appears that perceived quality variation has a negative relationship with intention to purchase retail brand for some retail brand products such as home appliance. When the perceived quality variation declined retail brand purchase intention increased (Byounggho & Yong, 2005). Therefore this study is going to consider that the negative relationship between perceived quality variation and intention to purchase retail brand is resulted form negative relationship between perceived quality variation and retail brand attitude. It should be noted that Byounggho and Yong (2005) definition of perceived quality variation refers to customer's preference to choose a product by comparing the qualities of two alternatives in the same category and based on their prices. So we can considered that a retail brand attitude increased by a lower perceived quality variation.

## **2.8 Packaging Perception**

Packaging perception refers to the communicational role of packaging, the information a package provides to customers and the way it can attract a customer's attention. Behaegel (1991) and Peters (1994) said that packaging as a communication instrument can involve with customers when they need information of a product.

Prendergast and Pitt (1996) determined two basic functions for packaging: logistics and marketing. In logistic function, package is only a protector of a product during the movement but in marketing function the package is a messenger at the point of sale that gives information about product attributes to customers. Giovannetti (1995) defined packaging generally as a container that is in direct touch with product and its function is to protect, identify, facilitate the handling and advertise. It may be difficult to separate these two functions because the package attracts the

customer's attention and communicates to sell the products and also it lets the product to be protected and contained. But Keller (1998) with consideration of packaging as an attribute that has no relation to the product, categorized packaging in five elements: name, logo, graphic symbol, personality and slogan.

Packaging has two kinds of aspects: intrinsic and extrinsic. Evans and Berman (1992) believed that packaging displays the product's characters and Olson and Jacoby (1972) think that packaging shows the extrinsic side of product. Furthermore Underwood et al. (2001) considered the package, price and brand as the extrinsic aspects of a product. In purchase process, packaging has a main function but its direct relation with product's ingredients is denied (Underwood, 2003). Unlike, Keller (1998) and Underwood (2003), Zeithaml (1972) insisted that packaging has both of extrinsic and intrinsic attribute.

Packaging not only make a product pretty and decline the customer's psychological resistance for a retail product but it can be used as a tool for segmenting a market and targeting a particular customer (Green, 1986). In fact for branding a product, packaging sends a message from a brand's leader that brand's product quality is the same as manufacturers. Packaging develops customer's association with brand and helps to make a positive brand image (Keller, 1991).

With extension of self-service sale's concept, the function of packaging increased to attract the customer's attention and cause purchase decision. Fantoni (2003) said that prior to self-service sale concept, a package was behind the counter and a sales assistant helped a customer in purchase decision. The self-service shifts the sales assistant function to advertisement and to packaging (Sonsino, 1990). Packaging named as silent salesman because it

provides customers some information about quality of the product and the benefit of consuming a particular product (Giovannetti, 1995). Packaging as a communicational instrument can involve with customers when they need information of a product (Behaeghel, 1991; Peters, 1994). Thus Nancarrow et al. (1998) emphasized that the function of packaging is to communicate the product value as well as the right brand.

Packaging becomes very significant in customer's decision making because the communicational role of packaging is increasing. Kupiec and Revell (2001) said that purchase intention is relevant to customer's satisfaction from consuming a product. In a situation that the customer haven't thought about the buying a product, the customer's purchase intention depends on the communicational part of packaging at the point of purchase which is very important when the customer is deciding on purchasing a product in the store( Silayoi, 2004).

From Giovannetti (1995) point of view, packaging has a significant function in purchase of a product because the first thing that a customer sees at first glance, before purchase decision, is the package of a product. Retailers use packaging to boost their sales and profits (Southgate, 1994). Fithch (1994) believed that a good packaging is necessary for retailing because it can lead to a consistent shopping experience. He underlined that an effective packaging in retailing never let the customers to think of buying the other brands.

It comes out that packaging plays an important role in purchase of a product (Giovannetti, 1995) and it helps to increase customer's association and make a positive brand image (Keller, 1991). Also from Silayoi (2004) point of view, it finds out that there is a relationship between packaging communicational aspect and purchase intention at the point of purchase and packaging can increase the retailers' sales and profit and lead the customers to a

consistent shopping experience (Fitch,1994). Therefore it would be found that packaging perception affects on retail brand purchase intention through retail brand attitude and the positive relationship between packaging perceptions and retail brand purchase intention is resulted from a positive relationship between packaging perception and retail brand attitude and a retail brand attitude increased by a higher package perception.

## **2.9 Self-Concept Congruity**

Prendergast, Tsang and Yu Lo (2008) defined Self-concept congruity as the congruity that exists between a person's self-concept and his/her image of something/someone. There are five different components for self-concept in customer's behavior: The ideal self, the apparent self, the social self, the perceived self and the actual self (Burns, 1979; Markin, 1979; Rosenberg, 1979; Sirgy, 1981, 1982, 1986). Self-concept is what a person thinks and feels about own self, the ideal self is what a person like to be, the apparent self is the view of the people about an individual and finally the actual self is the combination of all self concepts (Markin,1979). The image that the individuals have from themselves is very important in the behaviors that they present. Malhotra (1988) stated that self-concept is the stimulation for a person's behavior that can direct the behavior (Malhotra, 1988). Onkvisit and Shaw (1987) proposed that there is a relationship between self-concept and customer's behavior.

Purchasing behavior is always influenced by the image that people have of themselves. Therefore marketers should be aware of the association of this self-image and purchase behavior. Some customers may decide to purchase a product based on the congruity of their images from themselves. Likewise they may reject to purchase a product or buy a product from a store

based on the lack of congruity image that they have from themselves and the store (Britt, 1960). He stated that a marketer should be familiar with a customer's self-concept because purchase of the products and brands for some customers are based on congruity of their self-concept. Belk (1988) in his study added that brand as a part of a person's self can develop the self. People with feel of congruity between their self-concept and the image of a brand have a higher brand's purchase intentions.

A customer's satisfaction from a particular product happens when there is a self-concept congruity with that product. Sirgy (1982, 1986) explained that a customer with consistent self-concept congruity is motivated more in his/her consuming behavior. Customers' may take a purchase decisions to increase their self-concepts. Levy (1959) pointed out that customers' behaviors are influenced by the symbols that recognize the products in the market places. This assumption considered that the customers intend to extend a behavior that resulted from self-concept. A lot of self-concept researches have been provided to clarify the relation of the brands preference and purchase intention with self-concept congruity. Tucker (1975) in his study mentioned that a person's personality can be identified through product use. Also Biddle et al. (1987), Sparks and Shepherd (1992) found that there is a direct relationship between self-concept congruity and purchase intention. Because there is an attitude toward particular brands that is expected by self-concept (Sirgy & Johar, 1999) the existence of a relationship between self-concept congruity, attitude and purchase intention is expected. Self-concept congruity direct people to be identified with a perceived favorable behavior and people with unfavorable assessment toward a behavior will not be identified with that behavior.