



Effects of store image and store brand price-image on store brand purchase intention: Application to an emerging market

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ABSTRACT

Several factors have been underlined to explain store brands' (SBs) purchase behavior. This research investigates jointly the effect of store image perceptions, SB price-image and perceived risk toward SBs on SB purchase intention in the context of an emerging market (Brazil). Data were collected from a consumer survey with 379 respondents randomly selected. Structural equation modeling was used to test the hypothesized relationships. Our results show that store image perceptions and SB price-image influence significantly SB purchase intention directly or indirectly via the effect of perceived risk toward SBs. These findings are discussed and their theoretical and managerial implications are provided.

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1. Introduction

Store Brands (hereafter SBs) have been increasingly investigated by marketing scholars and focused retail manager's interest (Hyman et al., 2010). SBs experienced a phenomenal growth in various product categories during the past years (Baltas and Argouslidis, 2007). Today, SBs are growing faster than manufacturer brands (Kumar and Steenkamp, 2007). According to Grewal and Levy (2009, p.523), "we saw increasing evidence of store brands with similar quality levels coupled with 10–15% lower prices than those charged by national brands [hereafter, NBs]". There are many incentives for retailers to create store brand programs such as building store loyalty, increasing store traffic, enhancing negotiation strength toward manufacturers, etc. (Baltas and Argouslidis, 2007). For retailers, SBs become a reliable means to increase sales quickly at a relatively low cost. Consumers are also willing to purchase private brands products (PLMA, 2009) and are delighted to have SBs ranges available in grocery stores. Several factors drive consumer willingness to purchase SB products such as demographic factors (Baltas and Argouslidis, 2007), economic factors (Lamey et al., 2007) and psychographics (Garretson et al., 2002; Jin and Suh, 2005; Kara et al., 2009). In Western countries, SBs' penetration exceeds 50% of sales by volume in Switzerland and more than 35% in major markets like the United Kingdom, Belgium, Germany and Spain (Lamey et al., 2007).

However, the increased globalization of economic activities has created opportunities for retailers in so-called emerging

markets (EMs, from now on) in general and especially in BRIC nations (Brazil, India, China and Russia). Furthermore, the competitive pressure in Western countries' retail sectors had lead global retailers (Wal-Mart, Carrefour, etc.) to lay more focus on these markets. In such a context, it becomes paramount that retail scholars conduct more research on SBs in EMs in the same way as some authors (e.g., Burgess and Steenkamp, 2006) called for more research in EMs in order to improve validity of findings in the marketing science. Consequently, the aim of this research is to investigate the influence of two image constructs (store image and SB price-image) on consumer SB purchase intention while taking into consideration the mediating role of perceived risk toward SBs. Most of past research focused on the influence of perceptual, personality and demographic factors on SB purchase intention (Jin and Suh, 2005).

Three main contributions are expected from this research. First, we investigate the issue of store image perceptions which becomes crucial as consumers use store image cues in their buying process (Richardson et al., 1994). Second, we lay the emphasis on the concept of SB price-image which is broader than price consciousness and which allows us to take into account the multidimensionality of price perceptions as advocated by some authors (e.g., Zielke, 2008). Third, we investigate the mediating influence of perceived risk toward SBs on the relationships between our variables of interest. Extent research has demonstrated the influence of perceived risk on SB purchase behavior in Western countries (e.g., Liljander et al., 2009), but little is known about this relationship in EMs such as Brazil which is less investigated than other EMs like China or India.

The remaining of the paper is organized as follows: first, we present the theoretical framework and the hypotheses development;

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second, we develop the research methodology; third, the results are detailed; and finally, we propose theoretical and managerial implications of the findings and point out limitations and research orientations for future studies.

2. Conceptualization and hypotheses development

Store brands (SBs), termed also as private label brands (PLB) or own brands, are brands owned and sold by a retailer in its own outlets. According to Ailawadi and Keller (2004, p.332), one goal of SBs is to identify “the goods and services of a retailer and differentiate (s) them from those of competitors”. For Jin and Suh (2005), most of the consumer factors associated with SB purchase behavior can be grouped in three categories: personality (e.g., Burton et al., 1998), perceptual (e.g., Garretson et al., 2002), and socioeconomic (e.g., Baltas and Argouslidis, 2007). In previous studies, consumer perceptual characteristics such as price-quality perception, perceived quality, value consciousness, price consciousness, etc. were widely investigated (Burton et al., 1998; Kara et al., 2009). We refer here to SB purchase intention to operationalize consumer purchase behavior toward SBs. In fact, purchase intention data are frequently used by marketing managers to make strategic decisions about both new and existing SB products and the marketing programs that support them. Purchase intention refers to a consumer tendency to purchase a brand routinely in the future and resist switching to other brands. In this research, we argue that image factors (store image perceptions and SB price-image) and perceived risk are important determinants of SB purchase intention.

2.1. Store image perceptions → perceived risk toward SBs and/or SB purchase intention

One of the earlier definitions of store image was given by Martineau (1958). He posited that the store image is defined in the shopper’s mind, partly by the functional qualities and partly by an aura of psychological attributes. Store image develops from consumer’s objective and subjective perceptions learned over time. Subsequent conceptions of store image have taken into account the interactions among attribute perceptions (Hartman and Spiro, 2005). Lindquist (1974) conceptualized store image structure across nine dimensions – merchandise, service, clientele, physical facilities, convenience, promotion, store ambience, institutional factors and post transaction satisfaction. These dimensions have been widely studied and discussed in previous research and most of them are incorporated into store image scales (e.g., Grewal et al., 1998; Smeijn et al., 2004). Most of the time, store image is considered as a multi-dimensional concept including various aspects of the retail store. In fact, it is known that consumers use different cues when evaluating a retail store image (cue utilization theory, see Richardson et al., 1994). For instance, Smeijn et al. (2004) conceptualized store image as a concept of three dimensions comprising layout, merchandise and service.

Previous research demonstrated that store image perceptions influence positively SB purchase intention (Grewal et al., 1998; Liljander et al., 2009). According to the cue utilization theory, store image can be a determinant of product quality (Richardson et al., 1994; Smeijn et al., 2004). Besides, we can consider SBs to be a brand extension of the store. Brand extension research supports the idea that store associations and evaluations can be generalized to SB (Collins-Dodd and Lindley, 2003). As store image perceptions provide a highly relevant cue for the SB, they can act like the original brand, providing a basis for overall SB quality (Collins-Dodd and Lindley, 2003). As SB perceived quality

is related to SB purchase intention (Jin and Suh, 2005), we anticipate that store image perceptions will influence SB purchase intention following Grewal et al. (1998). Therefore:

Hypothesis 1. Store image perceptions will have a positive and direct influence on SB purchase intention.

Previous research has widely investigated the relationship between store image and perceived risk (Mitchell, 2001; Liljander et al., 2009) and that of perceived risk and SB purchase intention (Delvecchio, 2001; Liljander et al., 2009). Batra and Sinha (2000) and Richardson et al. (1994) have shown that perceived risk is important to understand consumer behavior toward SBs (e.g., willingness to buy SB products). Perceived risk refers to the individual’s subjective belief about potentially negative consequences from his/her decision behavior and has been investigated by Bauer in his seminal work (Bauer, 1960). In fact, for Bauer (1960), consumers refer to perceived risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with certainty. Perceived risk has been considered in the literature as the product of two dimensions: the perceived consequences of behavior and the likelihood or the impact of their occurrence (Dowling, 1986; Peter and Ryan, 1976). However, some researchers posited that as the likelihood and the impact of occurring are strongly related, the impact aspect can be considered redundant (Peter and Ryan, 1976). Several dimensions of perceived risk have been measured including overall risk, “functional” or “physical” risk, “financial” risk, “performance” risk, etc. (see Smeijn et al., 2004; Liljander et al., 2009).

Previous research has shown that store image influences perceived risk. For instance, Liljander et al. (2009) demonstrated that store image quality negatively influences perceived financial risk while store image atmospherics negatively influence social risk. The influence of perceived risk on purchase intention has been also proven (Mieres et al., 2006; Liljander et al., 2009). For example, Liljander et al. (2009) have empirically demonstrated that consumers’ perceived financial risk of buying store-branded apparel products negatively influences SB purchase intentions. Based on the discussion above, we propose:

Hypothesis 2. Store image perceptions will have a positive and direct influence on perceived risk toward SBs.

Hypothesis 3. Perceived risk toward SBs will have a negative and direct influence on SB purchase intention.

Hypothesis 4. Store image perception will have a positive and indirect influence on SB purchase intention through perceived risk toward SBs.

2.2. SB price-image → perceived risk toward SBs and/or SB purchase intention

Price-image perceptions are considered as a part of a retailer’s store image (Lindquist, 1974) but the two concepts are different (Zielke, 2010). To the best of our knowledge, SB price-image has not yet been defined in previous research. However, we can infer its definition from the definition of store price-image. Store price-image is defined as “a global representation of the relative level of prices” (Martineau, 1958; Mazursky and Jacoby, 1986; etc.). Following this definition, we can define SB price-image as a global representation of the relative level of SB products prices for a given retailer. Some researchers defined and conceptualized price-image with one dimension with low prices or price-level image (e.g., Zeithaml, 1988). However, other researchers consider this concept as multidimensional. For instance, Zielke (2010) identified five different components of price-image (price-level

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