



Linkages of retailer awareness, retailer association, retailer perceived quality and retailer loyalty with purchase intention: A study of Indian food retail brands



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ABSTRACT

The present study was an effort to explore the direct and indirect impacts (mediated through retailer loyalty) of retailer awareness, retailer association and retailer perceived quality on purchase intention. Seven hypotheses were developed with relevant literature support. The hypotheses were tested with primary data ($n=355$) collected through structured questionnaire using systematic sampling from food retail shoppers of age 18 years and above in Kolkata, a metropolitan city of India. Structural equation modeling statistical technique was used to test the hypotheses. Results revealed that retailer awareness, retailer association, retailer perceived quality and retailer loyalty have positive impacts on purchase intention. Results also found that the indirect impacts (mediated through retailer loyalty) of retailer awareness, retailer association and retailer perceived quality on purchase intention are stronger than the direct ones. Academic and managerial implications are further discussed.

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1. Introduction

Researchers argued that “branding and brand management principle can and should be applied to retail brands” (Ailawadi and Keller, 2004, p. 340). As a result, it is now being applied to retail brands as well, bringing in a change from the past when it was only applied to product brands (Das, 2013a, 2013b; Moller and Herm, 2013; Das et al., 2012a, 2012b; Willems et al., 2011). Here the retail brand refers to “a retailer as a brand or a retail store as a brand” (Das, 2013a; Das et al., 2012b; Moller and Herm, 2013). For example, *Shoppers Stop*, an Indian retail store, can be considered as a retail brand. A well-known retail brand attracts footfall and influences purchase intention. As retail shopping is often a hedonic experience (Babin et al., 1994), the intentions to shop from a retail store might be directed towards actual shopping behavior (Das, 2013b; Luo et al., 2011). Consumers’ purchase intentions arise after they perceive utility and value of a product or service (e.g., Dodds et al., 1991). Consumer purchase intention takes part in forecasting sales of existing and/or new products and services of retailers (Das, 2013b). Purchase intention data assists retailers to take decisions related to product demand, market

segmentation and promotional strategies. Purchase intention is the final consequence of a number of factors in a shopping context.

Despite its importance, purchase intention has not been studied well in Indian retail branding context, particularly food retail branding context. The present study is an attempt to contribute in this void. Its aim is to explore the direct and indirect (through brand loyalty) impacts of brand awareness, brand association, perceived quality and brand loyalty on purchase intention. Considering ‘a retailer as a brand’, brand awareness, brand association, perceived quality, brand loyalty have been termed here as *retailer awareness*, *retailer association*, *retailer perceived quality*, and *retailer loyalty* or *store loyalty*, respectively. This study has been conducted from Indian food retail branding perspective. The rise of “a retailer as a brand” is one of the most important trends in retail branding research (Grewal et al., 2004). This has been proved in several recent retail branding studies (e.g., Moller and Herm, 2013; Das, 2013a; 2013b; Das et al., 2013). The present study is a new addition to this retail branding research group.

Kearney report (2013) manifested Indian retail market as a high-potential market with accelerated growth of 14 to 15% per year expected through 2015. Strong microeconomic conditions including a 6 to 7% rise in GDP, higher disposable incomes and rapid urbanisation are the antecedents favouring this growth in Indian retail environment (Kearney report, 2012). Retailer are expanding their businesses in tier 2 and 3 cities rapidly. The

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changing landscape in India has changed Indian customers' spending and shopping habits (Sengupta, 2008). The present scenario of Indian organized retailing is noteworthy (Halepete and Iyer, 2008). The new policy of foreign direct investment (FDI) encourages many players to invest in Indian market. Emergence of e-commerce has made consumer decision making process easy. Tata Strategic Management Group (TSMG) (2013) projects that organized food and grocery retail in India can grow to INR 1750 Bn (at current prices) by 2015 representing approximate 11% of overall food and grocery sales. Due to increasing mass consumerism on account of rising GDP, a high-growth rate, along with the increasing spending power of Indians, emergence of private labels and e-commerce, the food retailing is turning out to be highly profitable segment and has significant potential to grow in years to come. This study would help retailers to serve better, ensure profitability and sustainability in growing Indian retail market.

The rest of the paper is structured as follows. We first provide a theoretical background for the study, followed by hypotheses development and conceptual framework. We then describe the methodology used for testing the hypotheses, discuss results, suggest theoretical and managerial implications of the study, and conclude the paper with its limitations, and directions for future research.

2. Theoretical background

2.1. Retailer awareness

Retailer awareness is conceptualized as a “consumer's ability to recognise or recall that the retailer is a member of certain retailer category” (Pappu and Quester, 2006, p. 320). Retailer awareness is the extent to which retailers' names are familiar to shoppers (Aaker, 1991). It is the strength of a retailer's presence in shoppers' minds. The strength of retailer awareness is reflected by the ability to recognise the retailers under several conditions including store recognition and store recall (Keller, 1993). The study argued that a retailer's name is an information-rich cue to its image (Grewal et al., 1998).

2.2. Retailer associations

Retailer associations is defined as “anything linked to the memory of the retailer” (Pappu and Quester, 2006; p. 320). Three desirable characteristics of brand associations are strength, favourability and uniqueness (Keller, 1993). Keller (1993) argued that “the presence of strongly held, favourably evaluated associations that are unique to the brand and imply superiority over other brands is critical to a brand's success” (p. 6). Developing strongly held and favourably evaluated brand associations that are unique to the brands and imply superiority over others is often cited as the final reason why companies invest in advertising (Keller, 1993). Brand associations linked to product performance related to the brands or to the image of the brands (Keller, 1993) or to the product performance, such as attributes, features or benefits that buyers link to a brand and that differentiate it from the competition (Dillon et al., 2001).

2.3. Retailer perceived quality

Retailer perceived quality is conceptualised as the “perception of the quality of the retailer as well as the (perception of) quality of products (goods or services) offered by retailers” (Pappu and Quester, 2006, p. 320). Sometime, retailer perceived quality and retailer associations are seemed as a combined dimension (Yoo and Donthu, 2001). However, retailer association and retailer

perceived quality are two distinct constructs (Pappu and Quester, 2006). Study argued that perceived quality influences consumer behaviour (Bolton, 1998). Richardson et al. (1994) found that consumer decision making process is largely influenced by perceived quality than other factors such as value-for-money.

2.4. Retailer loyalty

Store loyalty is conceptualised as “the tendency to be loyal to a focal retailer as demonstrated by the intention to buy from the retailer as a primary choice” (Pappu and Quester, 2006, p. 320). Loyalty creates numerous benefits and hence is beneficial in developing and implementing various marketing strategies (Jacoby and Chestnut, 1978). For example, loyalty generates a stable customer pool for firms' products and services (Oliver, 1997). Loyal customers spread positive word of mouth about the brands/companies, participate in repeat purchase, and are willing to pay higher price (Zeithaml et al., 1996). A small change in customer retention rate may have significant impacts on retail earnings. Thus, the effort to maintain retailer loyalty is considered as a critical retailer strategy to retain existing customers and thus profitability and sustainability are ensured (Wallace et al., 2004).

2.5. Purchase intention

Purchase intention can be conceptualised as individual's intention to buy products/services. Purchase intention can ultimately result in actual purchase behavior (Luo et al., 2011). The greater the purchase intention is, the greater a consumer's desire to purchase a product or service (Schiffman and Kanuk, 2000). The intention to purchase a particular brand, product or service requires assessment of all brands, products or services offered by competitors (Teng et al., 2007). Intentions to purchase products/services arise when they provide the features that meet the consumers' need (Fournier, 1998). Studies argued that purchase intention is affected by both recognized value and excellent offers of a product/service (Monroe and Krishnan, 1985; Zeithaml, 1988).

3. Hypotheses development and conceptual framework

The first four constructs (namely brand awareness, brand association, perceived quality and brand loyalty) as demonstrated in theoretical background section, are separate and distinct, and are reported in Aaker (1996a, 1996b) consumer-based brand equity model. The model was developed in product branding context. Several studies have argued the relationships between brand awareness, brand associations, perceived quality and brand loyalty in the product branding context also (e.g., Grewal et al. (1998), Gladden and Funk (2001), O'Cass and Lim (2001), Garton (1995)). However, studies argued that product brands are different from retail brands (Ailawadi and Keller, 2004). For example, retailer brands are “typically more multisensory in nature than product brands and can rely on rich consumer experiences to impact their equity” (Ailawadi and Keller, 2004; p. 332). Thus, the application of branding and brand management principles in retail branding context may produce different results from that in product branding context (Ailawadi and Keller, 2004; Zentes et al., 2008; Das, 2013a). In addition, most of the studies linking brand awareness, brand association, perceived quality and brand loyalty were based on Western culture. Studies found that consumers' attitudes, opinions towards marketing activities and marketing constructs vary across the cultures (Dawar and Parker, 1994; Aaker et al., 2001). Yoo and Donthu (2002) argued that cultural and economic differences might mediate the effect of marketing efforts on creating brand equity. Based on these arguments,

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