

RELATIONSHIP BETWEEN PSYCHOLOGICAL FACTORS AND CONSUMER ATTITUDE TOWARD PRIVATE LABEL PRODUCT: A CASE STUDY OF SUPERSTORE'S SHOPPER IN BANGKOK

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ABSTRACT

This study mainly measured consumer attitude toward private label products and its association with psychological factors. The results showed that there were significant positive relationship between value consciousness, impulsiveness and consumer attitude toward private label products. Negative significant relationship existed between value consciousness, risk awareness and consumer attitude. However, there is no significant relationship between consumer attitude and price consciousness, price-quality perception and smart-shopper self-perception.

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Private label products have continuously increased in many countries, especially in developed countries, because private label products are brand creating worth to increase gross margin. In turn, larger profit margins allow retailers to be increasingly competitive. Private label product is one of the tools for retailers to build store loyalty because there is no same absolute products in other retailers. For a global view of private label of private label product development. In Asian countries, retail business sales grew by 18 percent between 1990 and 1995; however, the private label product market grew by 176 percent over the same period (Wolf, 1999). In Thailand, after the new retail format, supercenters, cash and carry have established in the market, private label products have been launched with lower price. Currently, Tesco Lotus, Big C, Carrefour have launched such brands as Supersave, Leader Price, Carrefour, Aro and so on. Most of all are a few large retailers who dominate large market share of retailing industry and have many branches across the country to capture market nationwide. Thus, many related parties in the supply chain should focus on ways to penetrate current

customers, make the customers switch to the brand, as well as maintain or protect their own market shares. Another step to understand consumers is inevitable. That is why this study focused on consumer attitude toward private label and psychological factors that affected the consumer attitude toward private label products.

LITERATURE REVIEW

Price is unquestionably one of the most important marketplace cues. The pervasive influence of price is due, in part, to the fact that the price cue is present in all purchase situations and, at the minimum, represents to all consumers the amount of economic outlay that must be sacrificed in order to engage in a given purchase transaction (Lichtenstein, Ridgways and Neteemeyer, 1993). Perception of price cue for some consumers can be characterized more narrowly as reflecting price consciousness. While increases in the market share of private label brands have generally linked to issues associated with price, speculations about how the various aspects of price may relate to private label attitude

have been expressed in various ways (Deveny 1993; Kirk, 1992).

Hoch and Benerji (1993) found that product quality had a significant effect on private label market share for various product categories, while the average level of price discount for private label brands did not. Both value consciousness and price consciousness are expected to be positively related with consumer attitude toward private label products. Value for money implies consideration of quality not in absolute terms but in relation to the price of particular brand (Richardson, Jain, and Dick, 1996). An emphasis on value for money is an integral part of many retailers' promotional efforts (Davies, Gilligan and Sutton, 1986; Martell, 1986; McGoldrick, 1984; Patti and Fisk, 1982; Simmons and Meredith, 1984). This promotion strategy encourages consumers to consider the quality of store brand grocery items not in absolute terms but in relation to their lower price levels. Even though these promotion efforts, retailers appeal to two different segments of the market: (1) those consumers who believe that store brands are lower priced and of relatively good quality, and (2) those consumers who believe that store brands are lower priced and of relatively low in quality. The former segment of the market derives the full utility associated with the price differential. The latter segment gains less utility but may still buy store brands if the savings are greater than any perceived costs associated with tolerating inferior store brand ingredients. Other things being equal, greater value for money perceptions of store brands will lead to higher levels of store brand purchase. Even though evidence suggests that the use of price as a surrogate indicator of product quality vary across situations and products being evaluated (Monroe and Krishnan, 1985). The findings support that some consumers are simply more likely than others to use price as a general indicator of quality across situations and products (Lichenstein and Burton, 1989; Peterson and Wilson, 1985). Consequently, it focuses on the

generalizable construct of a positive association between price and perceived quality and define price-quality perception schema as generalized belief across product categories that the level of price cue is related positively with the quality level of the product. Another correlation of consumers' private label attitude may be consumers' belief in price-quality relationships across product classes. Their beliefs, reflecting a price-quality schema suggests that low prices are associated with low quality, and thus lower priced products within a product class are viewed less favorably (Lichenstein and Burton, 1989; Peterson and Wilson, 1985). Following this perspective, Wolinsky (1987) argued that private label attitudes are directly affected by the degree to which consumers draw inferences from price and brand names to assess quality. Wolinsky (1987) viewed the existence of national and private label brand markets as evidence of segments that perceive strong price and brand relationships with quality and those who do not perceive such relationships.

Market constructs for this study focus on such four variables as brand loyalty, risk averseness, impulsiveness and smart-shopper self-perception. Consumers have varying degrees of loyalty to specific brands. It classified buyers into four groups according to their brand loyalty status as (1) hard-core loyal, consumers who buy one brand at all time, (2) split loyal, consumers who are loyal to a few brands, (3) shifting loyal, consumers who shift from one brand to another, and (4) switcher, consumers who show no loyalty to any brand. Chaudhuri and Holdrook (2001) investigated the chain of effects from brand trust and brand effect to brand performance: the role of brand loyalty. The notion of brand loyalty includes both purchase loyalty and attitudinal loyalty. Purchase loyalty is the willingness of the average consumer to repurchase the brand, whereas, attitudinal loyalty is the level of commitment of the average consumer toward the brand. It found that brand trust and brand effect are related to both

purchase loyalty and attitudinal loyalty. In the context of maintaining brand relationships, the emotional determinants of brand loyalty or commitment need to be considered separately. Gundlach, Achrol, and Mentzer (1995) suggest that commitment is associated with positive affect and that thought may prevent the exploration of other alternatives in the short run, steady customer benefits are likely to accrue from such affective bonding in the long run. Dick and Basu (1994) propose that brand loyalty should be greater under conditions of more positive emotional mood or affect. Thus, brands that make consumers "happy" or "joyful" should prompt greater purchase and attitudinal loyalty.

One of the consumer benefits generally attributed to national manufacturer brands is that they reduce consumer perceived risk, as a group, national brands are perceived to have less variability in product quality than are private label brands (Montgomery and Wernerfelt, 1992). The greater variability in quality across the private label products increases the risk that a given private label brand will not perform in a satisfactory manner. Consumers' purchase intentions are greater influenced by the perceived risk associated with product purchase (Bettman, 1973). The perceived risks associated with using store brands are an important determinant of consumers' propensity to favorably evaluate and purchase these products (Bettman, 1974; Livesey and Lennon, 1978).

Engel and Blackwell (1982) define an impulse purchase as a buying action taken without a problem previously having been consciously recognized or a buying intention formed prior to entering the store. It described impulse buying as exhibiting a number of characteristics as (a) the feeling of an overwhelming force from the product, (b) an intense feeling of having to buy the product immediately, (c) ignoring of any negative consequences from the purchase, (d) feelings of excitement, even euphoria, and (e) the conflict between control and indulgence. Thompson (1990) argue that

while impulse buying is an emotional rather rational experience. The need for analytical evaluation is obviated because the product's rightness is experienced directly. On this basis the act is reasonable rather than irrational, which seems to have some resonance with Malter (1996). A case of the cognitive or emotional fit between shopper and product being good, but not always an easy relationship to articulate.

Comparison between national and private label brands that results in a positive private label attitude suggest thoughtful shoppers who take pride in their decision making ability. Consumers with such orientations may view themselves as sophisticated smart shoppers who are not easily influenced by national ad campaigns, who are less impulsive in their decision making, and make rational choices among brand alternatives without being influenced by national brand product images (Blattberg and Neslin, 1990). Conventional views also have described at least one segment of buyers of private label brands as upscale smart shoppers who actively make comparisons across brand (Walker, 1991). Consistent with the above rationale, consumers oriented toward private labels believe that there are advantageous purchase opportunities available in the marketplace, act impulsively in their decision making, and take pride in capitalizing on these opportunities.

RESEARCH OBJECTIVES:

The objectives of the research are (1) to determine consumer attitude toward private label products, and (2) to assess the relationship between psychological factors composing of price perception and market construct and consumer attitude toward private label products. From the above research objectives, dependent variable is consumer attitude toward private label products and independent variables are psychological factors composing of price perception and market constructs.

CONCEPTUAL FRAMEWORK AND HYPOTHESIS:

This study determined the magnitude and direction of relationship between psychological factors as price perception and market constructs and consumer attitude toward private label products. The relationship between dependent and independent variables were shown as follows:

Price Perception:

- Price Consciousness (H_1)
- Value Consciousness (H_2)
- Price-Quality Perception (H_3)

Market Constructs:

- Brand Loyalty (H_4)
- Risk Averseness (H_5)
- Impulsiveness (H_6)
- Smart-shopper Self-Perception (H_7)

Consumer Attitude toward Private Label Products

Based on the above conceptual framework, hypotheses were listed as follows:

- H_1 : There is a significant relationship between price consciousness and consumer attitude toward private label products
- H_2 : There is a significant relationship between value consciousness and consumer attitude toward private label products
- H_3 : There is a significant relationship between price-quality perception and consumer attitude toward private label products
- H_4 : There is a significant relationship between brand loyalty and consumer attitude toward private label products
- H_5 : There is a significant relationship between risk averseness and consumer attitude toward private label products
- H_6 : There is a significant relationship between impulsiveness and consumer attitude toward private label products
- H_7 : There is a significant relationship between smart-shopper self-perception and consumer attitude toward private label products

SCOPE AND LIMITATIONS OF THE STUDY:

This study investigated only one large super-center chain located in Bangkok area. Single shopping occasions were used for the behavioral measures. Rather than a specific products and a brand of selected retailers, all product categories with private label branded were tested. However, the shoppers at selected superstores were used as sample for this study.

METHOD

Survey research with Ex Post Facto design was used in this study. Two hundred and fifty respondents who were shoppers at selected superstores were asked to participate in this study. Personal interview was used as data collection method with structured questionnaire.

Target population was female shoppers in Bangkok area who were responsible for making purchase of grocery items for their households. Selected supercenters, as sampling base, were selected at random. However, the researchers were asked not to disclose the name of selected superstores. Judgmental sampling procedure was used in sample selection.

As shown in the conceptual framework of the study, there were two major variables: dependent and independent variables. Dependent variable was consumer attitude toward private label products. Likert agreement 5-point agreement scales were used. The measurement of the consumer attitude consisted of six multiple items as (a) considering value for the money, I prefer private label product to national brands, (b) for most product categories, the best buy is usually the private label product, (c) I love it when private label products are available for the product categories I purchase, (d) in general, private label products are poor quality products, (e) when I buy a private label products, I always feel that I am getting a good deal, and (f) buying private label products makes me feel good. Independent variables included two major constructs: price perception; market constructs. Likert agreement 5-point scales were used. Price perception constructs included price consciousness, value consciousness, and price quality perception. Market

constructs included such four sub-constructs as brand loyalty, impulsiveness, risk averseness, and smart-shopper self-perception. Each construct contained multiple items for the measurement.

RESULTS:

Description of demographic categories as well as the results of hypothesis tests were described in the following sections:

Description of Demographic Categories

The sample consisted of 250 participants. Table 1 reports the frequencies and percentage associated with age, education, occupation, and monthly household income. Most of the respondents ($N = 109$) aged between 18-25 years old. Approximately, 65.2 percent ($N = 163$) of total sample had bachelor degree. Most respondents ($N = 108$) were company employee. In terms of household monthly income, 36.4 percent ($N = 91$) had income less than 10,000 Baht.

Table 1
Frequencies and Percentages of Demographic Categories

	Frequency	Percentage
Age:		
18-25 Years of Age	109	43.6
26-35 Years of Age	97	38.8
36-45 Years of Age	41	16.4
46-55 Years of Age	3	1.2
Education:		
Below High School	45	18
High School	34	13.6
Bachelor Degree	163	65.2
Master Degree & Above	8	3.2

Table 1
Frequencies and Percentages of Demographic Categories

	Frequency	Percentage
Occupation:		
Government Official	24	9.6
Company Employee	108	43.2
Business Owner	29	11.6
Students	89	35.6
Monthly Household Income:		
Less than 10,000 Baht	91	36.4
10,001-20,000 Baht	80	32
20,001-30,000 Baht	42	16.8
30,001-40,000 Baht	11	4.4
40,001-50,000 Baht	9	3.6
More than 50,000 Baht	17	6.8

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Hypothesis Tests:

Correlation coefficients were computed to test hypotheses 1-7. Using the Bonferroni approach to control for Type I error across the 8 correlations, a p -value of equal or less than .05 was required for significance. The results of the correlational analyses shown in table 2 show that 4 out of 8 correlations were statistically significant and were greater than or equal to .02. In sum, hypotheses one, three, seven were not supported because the significance levels were greater than .05, whereas, hypotheses two, four, five, six were supported with less than .05 level of significance. From the findings, it was found that there was no significance relationship between consumer attitude toward private label products and price consciousness, price-quality perception and smart-shopper self-perception. However, the significant relationship was found between consumer attitude toward private label products and value consciousness, brand loyalty, impulsiveness and risk averseness.

Table 2
Correlations Between Price Perception and Market Constructs
and Consumer Attitude toward Private Label Products

Factors	Consumer Attitude
Price Perception	
Price Consciousness	.06
Value Consciousness	.02*
Price-Quality Perception	-.11
Market Constructs	
Brand Loyalty	-.30*
Impulsiveness	.12*
Risk Averseness	-.16*
Smart-Shopper Self-Perception	.09
* p<.05	

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DISCUSSION AND CONCLUSIONS:

Seven psychological factors (price perception and market constructs) have been tested using bivariate correlational test. Three psychological factors have no significant relationship with consumer attitude toward private label products as the significant value is greater than .05. That is, there is no significant relationship between price consciousness, price-quality perception and smart-shopper self-perception and consumer attitude toward private label products. It is believed that nowadays, local consumers were well familiar and accepted such sales promotion methods as everyday low price (EDLP) that supercenters have educated consumers on daily basis. Then, local consumers probably made purchase decision by bypassing the attitude construct. That is, they were not concerned about product favorability as a step prior to make purchase decision; however, they just selected the private label products mainly because of the low price.

Nevertheless, four psychological factors found to have significant relationship with consumer attitude. They were value consciousness, brand loyalty, risk averseness and impulsiveness. Brand loyalty and risk averseness are negatively associated with consumer attitude toward private label products, whereas, value consciousness and impulsiveness are positively related with the consumer attitude. It is found that consumer liking toward the private label products could be enhanced by adding value to the products. Low price could draw consumer first purchase; however, competitive added value of the product could make repeat purchase among consumers. Consumers with high brand loyalty tend to have negative attitude toward private label products and vice versa. Moreover, consumers with high probability of unplanned purchase (impulsiveness) tend to have positive attitude toward private label products, and vice versa. Shoppers with high perceived risk averseness tend to have less liking on private label

products. As known, most major retailers also fight with one another to push their private label products. Currently, the unique selling point (USP) of such products is low price. As mentioned earlier, consumers are not concerned about product liking or attitude with this kind of products. However, when competition between major retailers becomes more and more intense, pricing strategy is not the only tool in attracting their patrons. With same low price across all retailers, consumers tend to compare products on quality. At the point, consumer attitude will be heavily involved in purchase decision of private label products. To move into another step of crafting competitiveness for the private label products, retailers should be concerned about value-added of the products. Value added of the product seems to be the key factors contributing to enhancing consumer attitude. Once value is added, consumers are likely to be loyal to the brand and less perceived risk on the private label products.

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