Factor Affecting Behavioral Intentions Towards Private Brand

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ARTICLE DETAILS

ABSTRACT

History
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Purpose:
The aim of this research is to investigate the factors affecting the purchase intention towards private brands in Karachi.

Methodology:
This study is quantitative in nature and a questionnaire was used as a research tool to gather data and SPSS is used for data analysis. The sampling technique that was used for this research was non-probability convenience sampling. Research primary data was gathered by adopting a survey method in the form of a questionnaire that was designed using Google Docs. It was then used to administer 400 respondents. The survey consisted of 31 structured questions that were based on 5 points Likert scale.

Findings:
Results suggest that perceived price, quality, and packaging are fundamental factors that influence the purchase intention of purchasers for private brands in Pakistan.

Conclusion:
The study concludes that storekeepers in Pakistan should concentrate on delivering excellent store brands at fair prices in order to increase their profits from private brands. Store owners can also formulate methodologies based on this research in order to make their current private brands successful.

Keywords
Private Brands
Behavioral intention
Perceived Risk
Packaging

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1. Introduction

A national brand is considered to be a prominent and more established product, while on the other hand private brand is exclusively made by a particular owner for their sale purposes. Both of the brands have different price ranges; National brands are more likely to be premium while private brands are comparatively positioned at a lower price. National brands are relied upon retailers to carry their products to reach more consumers while those retailers can offer their alternative private brands to seek a greater audience. This relationship between them can create competition as many people value, and are attracted towards national brands. But such interdependency affects the retail environment on a larger scale.

Brands have been the most valuable theoretical resource for any associations and their significance is unquestionable. Because of the opposition, the significance of marking in the retail business has expanded to make brand steadfastness in customers. Numerous hyper stores around Pakistan and even abroad have dispatched their brands to contend with the producer's brands.

Private Label Brands are showcased by the store owners or retailers. Store Brands are another name for these brands. Brands are the most important unimportant asset for any affiliation. According to, Ailwadi & Keller (2004) after seeing so much competition various hyper markets have dispatched their brands to construct market/store faithfulness, what's more, to match the maker brands.

The Private Label Brands are functioning in many developing countries for a long time yet in Pakistan it is a new concept. Juhl, Esbjerg, Grunert; Bech-Larsen;& Brunsø (2006)suggests that during the latest decade the piece of the general business of store brands among different food classes taking everything together the western regions and vendors are getting satisfactory sparks by making store brands. Ashley (1998) recommends that private brands offer high edges than public brands. Higher edges of Private Label Brands are cultivated taking into account the way that the packaging is somehow more affordable to that of maker's brands, the extent that creation costs, and no or no advancing employments.

The buyer’s purchase intention towards private label brands in Pakistan is a fundamental target of exploration. By this, connection level is examined and the inter-linkage between those segments is also determined with the purchase assumption. Depending on that examination authoritative repercussions are made for the system makers and vendors to kill obstacles in the improvement of private brands in Pakistan.

Private Label Brands are also gaining popularity among shoppers, according to Raju, Sethuraman, and Dhar (1995). The key reason for this popularity is the benefit of value that is provided by private label brands. Purchasers searching for less-value substitutes like to purchase private brands. Baltas (1997), regardless of the development of private label brands, they are profoundly beneficial but apart from that they are not similarly productive Hoch S. J., (1993). This represents dangers for owners in dispatching new items as their brands. Thompson(1999), wrote that if one customer has terrible involvement with an item classification then he may think whether or not to purchase private brands. Sullivan (1990) clarifies the effect of these awful encounters that as much more noteworthy the variety in private label brands the more prominent is its general effect.

Brands have been the most valuable immaterial resource for any associations and their significance is unquestionable. Because of the opposition, the significance of marking in the retail business has expanded to make brand devotion in customers. Numerous hyper
stores around Pakistan and even abroad have dispatched their brands to rival the producer's brands. Numerous components are reliant on the buy goals that should be examined because previous investigations and exploration were for the most part led in the United States and in this way have a much summed up thought when contrasted with Asian nations, Pakistan in particular.

2. Literature Review

2.1. Technology Acceptance Model

TAM is a theory based on Information Systems, and the model suggests the users how to use or accept a technology. Behavioral Intention is a factor that leads to people using technology whereas attitude influences Behavioral Intentions. The model proposes that when people are introduced to new technology, many factors influence their decisions on how they are going to use it, some are:

2.1.1. Perceived usefulness (PU)

It is the main factor in TAM to clarify the intentions of an individual’s behavior. The connection between perceived usefulness and satisfaction were concentrated by Agrebi(2015), furthermore, (Hung; Hwang & Hsieh, 2007), with regards to mobile commerce and by Yuan; Liu, & Yao(2014), for mobile banking adoption. The experimental outcomes demonstrate that apparent value is perhaps the main indicator of the expectation to utilize innovation.

2.1.2. Perceived ease-of-use (PEOU)

How much an individual accepts that utilizing a specific system would be free from effort Davis (1989). There is a positive relationship between perceived utility and perceived ease of use. Observational studies by Wu; Wang; Khalifa; Ning Shen; Aldás Manzano; Lassala Navarré (2005); Ruiz Mafé (2008); Sanz Blas (2009) and Agrebi (2015) have shown that this relationship is enormous in the field of flexible exchange. This speculation is also evident due to the flexible banking (Yuan; Liu & Yao, 2014). This speculation is also evident due to the flexible banking (Yuan; Liu & Yao 2014).

2.1.3. Satisfaction (SAT)

TAM clarifies a tremendous change in the reception of new advancements, what's more, the aim to utilize, particularly with regards to versatile business. The examination by Pedersen(2005), tried the informative intensity of the unique TAM in versatile business. It demonstrated that the model clarified a change of 30% in the expectation to utilize versatile business. Another significant variable that should be incorporated to represent the enthusiastic what's the more, intellectual reaction after a versatile shopping application is utilized or a buy is made through the application is "Satisfaction" Agrebi(2015). This is the main variable that drives future buys to utilize the specific application. Fulfillment is characterized as the mental or enthusiastic state coming about because of an intellectual evaluation of the hole between the desires and the genuine execution of a data framework Oliver (1981). Fulfillment in the versatile shopping application setting is the entirety of the enthusiastic reaction to versatile shopping application exercises animated by different variables like data, framework, and administration quality Agrebi(2015). This examination centers around the general fulfillment identified with utilizing or buying an item utilizing a portable shopping application. Henceforth the study is important, just to the clients who have insight in utilizing portable shopping applications.
2.1.4. **Price Sensitivity**

Pricing an item is perhaps the main choice that markets take and it is one of the center achievement factors for an item, particularly in agricultural nations where the cost of an item decides the purchasing choice Roy; Rabbanee & Sharma (2016). With regards to portable shopping applications, customers may not get the adaptability to check the recorded costs with the genuine cost of the item or even contrast costs of a recorded item and other portable or web-based business specialist organizations. Profoundly value delicate clients will look for lower costs contrasted with clients who are less value delicate. Cost affectability is a variable that estimates singular contrasts and is characterized as "how purchasers respond to costs and to cost changes" Goldsmith; Kim & Kim (2005). To be more explicit, it is the secret clients feel about the cost for a contribution Goldsmith & Newell (1997). Value affectability levels of the clients change among various individuals, items, needs, brand believability, pay levels, and time Erdem; Swait, & Louviere(2002). One of the principal targets of this examination is to examine the adjustments in the value affectability of the individuals as they start to utilize portable shopping applications. Value affectability is one of the less - explored zones, particularly in the field of innovation acknowledgment. Throughout history, the valuing of items has been the main consideration that impacts the purchasing choices of an expected purchaser Armstrong (2009).

Subsequently, it is basic for firms to actualize planned pricing arranged evaluating techniques to catch deals and augment benefit. With the progression in differential evaluating techniques in portable trade, it is critical to quantify the value affectability of purchasers as it becomes the center variable in planning the procedure. Differential evaluating is characterized as "the act of charging clients various costs for basically indistinguishable merchandise" Hoffman; Turley & Kelley(2002). The costs are for the most part changed by the kind of client, area, time, or item Armstrong (2009). Consequently, while sectioning clients to actualize differential estimating systems, clients who have a place with a profoundly cost - delicate group must be fundamentally investigated previously choosing the cost of items recorded. The investigation led by Wang; Malthouse & Krishnamurthi (2015), says that purchasers who start to adjust to portable trade innovations for the most part make their constant buys. The evaluating of another item that a client is uninformed of exceptionally impacts the buying choice made by the client at the beginning of the selection. Value affectability will undoubtedly change with the expectation of utilizing versatile shopping applications and their genuine use and consequently, it gets important to consider this promising and unexplored variable to satisfy the targets of our examination. Social Factor is important to determine the attitude.

2.2. **Diffusion Of Innovation Theory**

Everett (1962) proposed this theory, which is one of the most well-known sociology theories. It looked at how a force picks up a thought and spreads it across a social system. People, as a part of a social structure, follow a new concept, action, or product as a result of this dispersion.

2.3. **Theory Of Reasoned Action**

The theory of rational action (TRA or ToRA) aims to describe the relationship between viewpoints and human behavior. The theory was established by Ajzen & Fishbein (1967) based on previous research. The TRA's primary function is to decipher a person's intentional behavior by examining the secret necessary inspiration to carry out an operation. According to TRA, an individual's intention to engage in conduct is the most
important factor in determining whether or not they engage in that activity.

2.4. Theoretical Background
Many studies on private label and national labels have been performed. Early study, on the other hand, indicated that national brands held a stronger position; recent results, on the other hand, indicated a positive trend toward an increasing preference for private brands among some customers. As compared to previous studies, it posed a lot of questions because private brands had previously received negative customer feedback in terms of consistency perception.

2.5. Empirical Studies
Raju; Sethuraman, & Dhar (1995) acknowledge the value of private label labels, claiming that the advent of private label brands has diversified the retail category. PLBs are gaining popularity as customers seek low-cost alternatives to branded goods, according to Baltas (1997).

Private brands are exceptionally beneficial in some item class however in others there is a major danger factor incorporated that stops them to dispatch new items as their brands. Thompson, (1999), States that, one bad experience of a consumer might lead to hesitation in buying other categories of products o that particular brand or private brands as a whole which can lead to the loss of confidence from the consumer.

A study showed that factors that are intrinsic in nature are of higher priority than intrinsic components when investigating consumer’s Purchase Intentions Richardson P. S,(1997), After this a study showed that intrinsic components are more significant area to capture consumers' purchase intentions towards private brands Kumar(2012, December). Both intrinsic and extrinsic elements are important and play a significant role in the buyer's decision to purchase private brands. All the variables can't be concentrated in one exploration due to time and asset constraints, but analysts are working on developing a model that affects these credits and forecasts the shoppers' purchasing goals.

Bao and Sheng (2011) proposed a model that takes into account the effects of store image, item signatures, quality variety, and quality discernments on purchase intention, and found that store image and item signatures both have a positive impact on customers' purchase intentions, while the view of quality has a negative impact.Jaafar and Lalp (2013) developed a comprehensive framework for assessing these intrinsic and extrinsic factors. The findings suggested that the key factors influencing purchasing intent were shoppers' attitude and perceived price.

2.5.1. Purchase Intention
Purchase intentions, according to T. L. Wu (2006), are described as the likelihood of the purchaser's availability. It is also linked to the buyer's attitude, intuition, and buying behavior. When it comes to making decisions on what to buy, it is clear that buyer anticipation is a major factor. Ajzen & Fishbein (1975). This is why buy target is often considered when considering buyers' purchasing behavior, and many scientists have used buy expectation as a dependent variable to investigate the factors affecting buyers' purchasing behavior. Jaafar & Lalp's model was compared by Liljander, (2009) & Van Riel, (2013), the structure took into account apparent esteem, seen quality, seen risk, and store image, as well as their effects on purchase intent.

2.5.2. Perceived Price
Private label labels are more likely to be less costly than national brands, according to Walker (2006), which is why they are sometimes referred to as a replacement. The primary factor driving consumer preference for private label products is price. Since pricing is used, buyers who value quality over price are less likely to purchase private label products. Chandra shekaran & Grewal (2006) people have begun to prefer private label brands and now assume that they offer excellent value for money, according to previous studies (Reynolds & Laaksonen 1994).

2.5.3. Perceived Quality
Hoch, Banerji, Ailawadi, and Gedenk are all members of the Hoch & Banerji (1993) Ailawadi and Gedenk (2001) teams value takes precedence over price in private label labels. Since national brands adhere to a global standard of bundling, while store brands do not, private brands are considered to be of lower quality. When opposed to private label brands, national brands are preferred, according to Besharat, Cheng, and Wang (2010, 2007). This is due to the way they are famous and widely publicised. In previous studies, researchers looked at how consistency affects shoppers' buying intentions as a whole (Chang, T. L, 2006; Wu, 2006; Hu & Ho, 2006; Berman and Evans, 2001).

2.5.4. Packaging
National brands are typically packaged and publicised, and they charge a high estimate, whereas store brands are insufficiently bundled Richardson & Jain (1994). To compete with the creator brands, storekeepers now require bundling. The value of bundling in private label brands was addressed by Ampuero and Vila (2006). Bundling is an important factor in consumers' purchasing decisions, and customers examine goods outside of the bundling.

2.5.5. Perceived Risk
When the majority of store brands are private label, the perceived risk is said to be higher because consumers feel much safer buying goods from well-known store brands. Since the level of perceived risk is higher, shoppers prefer to buy national brands rather than private label brands in that category Narasimhan & Wilcox (1998). Assumption In certain areas, risk is distinct. Risk discernment can be higher in some classifications and lower in others. In the off chance that they believe the risk is high; buyers are less likely to purchase private brands. According to Sudhir & Talukdar (2004), shoppers regard lower prices, lesser-known products, and simpler bundling as extremely risky.

2.6. Conceptual Framework
Investigation of buyers' buy aim towards private brands doesn't restrict to a couple of inborn also, extraneous variables; nonetheless, all the elements can't be shrouded in one investigation. Therefore, this study endeavors to fabricate an applied structure which utilizes a blend of some significant elements to clarify the variety in customers' buy aims towards private brands. With the assistance of the writing survey a straightforward yet powerful calculated system has been created to examine the components influencing shoppers' buy aims towards private brands. In this model two natural variables (saw cost and saw quality) and two outward factors (bundling and saw hazard) are connected with the buy goal for private.
2.7. Theoretical Framework

![Conceptual Model](image)

**Figure 1. Conceptual Model**
Source: Author’s own elaboration

2.8. Constructs

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Variables</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Price</td>
<td>Independent</td>
<td>Chandrashekaran; Grewal; Laaksonen &amp; Reynolds (2006, 1994)</td>
</tr>
<tr>
<td>Packaging</td>
<td>Independent</td>
<td>Ampuero; Vila; Richardson &amp; Jain (2006, 1994)</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>Independent</td>
<td>Narasimhan; Wilcox; Sudhir &amp; Talukdar (1998, 2004)</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Dependent</td>
<td>Fishbein; Ajzen &amp; Ghosh (1975, 1990)</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

2.9. Hypothesis Formulation

After the inside and out writing survey the illustrative and ward factors were distinguished, as referenced over, the relationship and level of the relationship among informative and the dependent variable were concentrated by creating suitable theory utilizing the assistance of prior investigates. Laaksonen & Reynolds, (1994) contemplated the obstacles in the extension and development of private label brands in Western regions and distinguished that private label brands are ceaselessly developing with the assistance
of techniques like discounted pricing and nonstop expansion of significant worth by maintaining quality. In literature, many types of research are discovered that implies the significance of perceived qualities an indicator of consumers’ purchase intention Chang and Wu T. L.(2006). Based on these investigations, the following theory was figured:

\[
\begin{align*}
H_1 & : \text{Price has a positive effect on Purchase Intention} \\
H_2 & : \text{Quality has a positive effect on Purchase Intention} \\
H_3 & : \text{Packaging has a positive effect on Purchase Intention} \\
H_4 & : \text{Perceived Risk has a positive effect on Purchase Intention}
\end{align*}
\]

3. Methodology
In the domain of quantitative analysis, we used explanatory research to analyze the factors influencing consumers' purchasing intentions toward private brands.

3.1. Data Collection And Sampling Technique
The sampling technique that was used for this research was non-probability convenience sampling. For this research primary data was gathered by adopting a survey method in the form of a questionnaire that was designed using Google Docs. The aim of the questionnaire was explained in the beginning. It was then used to administer 400 respondents. The survey consisted of 31 structured questions that were based on 5 points Likert scale. Answers were then converted into numeric values (strongly agree =1, agree = 2, neutral = 3, disagree = 4, strongly disagree = 5) and a link of Google docs was shared on different social media platforms to gather responses. The data that was gathered was quantitative.

3.2. Statistical Analysis
- First the data was collected and exported to SPSS (Statistical Package For The Social Sciences)
- Then certain statistical measures were used
- Data was tested through multi-variable regression analysis

4. Results & Discussions

4.1. Descriptive Analysis

<table>
<thead>
<tr>
<th>Demographic items</th>
<th>Frequency</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>143</td>
<td>65.5%</td>
</tr>
<tr>
<td>Female</td>
<td>273</td>
<td>34.3%</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under Graduate</td>
<td>212</td>
<td>28.12%</td>
</tr>
<tr>
<td>Graduate</td>
<td>260</td>
<td>62.4%</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>148</td>
<td>9.4%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 – 30</td>
<td>312</td>
<td>74.8%</td>
</tr>
<tr>
<td>31 – 40</td>
<td>26</td>
<td>6.2%</td>
</tr>
<tr>
<td>41 – 50</td>
<td>26</td>
<td>6.2%</td>
</tr>
<tr>
<td>51 and above</td>
<td>26</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Respondents were mainly female and less than 30 years old, according to the information gathered. The majority of them was single and earned up to Rs. 20000 per month. The majority of respondents had either a high school diploma or an intermediate education, and their families consisted of up to ten people.

4.2. Reliability Analysis

Reliability was calculated by achieving the proportion of the systemic difference in a scale that can be accomplished by evaluating the relationship between the responses collected from the various scale. The authors suggested that for a satisfactory level of reliability the value must be equal or greater than 0.7 and the maximum value is 1. However, in some cases authors suggest that the value of 0.6 is also considered to be acceptable if the research nature is exploratory. Nummally, (1978) & Joseph F. Hair, (2010)

<table>
<thead>
<tr>
<th>Table.3. Reliability Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability Statistics</td>
</tr>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>.701</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

4.3. Model Summary

<table>
<thead>
<tr>
<th>Table.4. Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

4.4. Overall Significance

<table>
<thead>
<tr>
<th>Table.5. ANOVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration
4.5. Regression Analysis

Regression analysis was used to analyses the relationship between the dependent and independent variables. The table below shows the results of regression analysis, with perceived risk, perceived price, perceived quality, and packaging as predictors and purchase intention as the dependent variable.

Table 6. Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.738</td>
<td>.193</td>
<td>3.813</td>
</tr>
<tr>
<td>PR</td>
<td>-.216</td>
<td>.042</td>
<td>-.249</td>
<td>-5.154</td>
</tr>
<tr>
<td>PQ</td>
<td>.459</td>
<td>.072</td>
<td>.306</td>
<td>6.401</td>
</tr>
<tr>
<td>PKG</td>
<td>.366</td>
<td>.052</td>
<td>.346</td>
<td>6.979</td>
</tr>
<tr>
<td>PP</td>
<td>.204</td>
<td>.060</td>
<td>.163</td>
<td>3.413</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

Table 7. Results

<table>
<thead>
<tr>
<th>HYPOTHESIS</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H01 : Perceived Price</td>
<td>Rejected</td>
</tr>
<tr>
<td>H02 : Perceived Quality</td>
<td>Rejected</td>
</tr>
<tr>
<td>H03 : Packaging</td>
<td>Rejected</td>
</tr>
<tr>
<td>H04 : Perceived Risk</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

4.7. Discussion on findings

The results of regression analysis show that the hypotheses H1, H2, and H3 are important, implying that the regression analysis results show that hypotheses H1, H2, and H3 are all true. This means that consumers’ buying intentions are influenced by three main factors: perceived price, perceived quality, and packaging, and perceived risk is negative. The findings are similar to those of a previous study by Jaafar and Lalp (2013), which found that perceived quality is the most important factor in consumers' purchases of private brands, followed by perceived quality and perceived quality, price perception and risk perception. The findings are also consistent with Dursun's (2011) findings, which show a strong link between perceived quality and private brand purchasing intent. The results are intriguing because they are Ural's aftereffects (2008). It's important to note that both practical and financial risks have a direct negative association with consumers' perceptions of private brands. The conceptual discrepancy in results is mostly due to how previous inquiries were conducted in different geographic areas; As a result, their outcomes cannot be generalized across countries, especially Pakistan, due to social differences in various areas.
5. Conclusion & Recommendations

The study looked into the effects of some intrinsic (perceived quality and price) and extraneous (perceived risk and packaging) factors on consumers’ purchasing intentions. Regression analysis, a calculated model was developed and applied to recognize the relation between the components and the purchasing intention. According to the findings of regression analysis, there are two major factors that influence consumers' buying intentions for private brands. According to Richardson and Jain (1994), perceived consistency is a significant factor in purchasing private brands. If all products are of nearly equal quality, the use of private labels would increase. Nonetheless, several scientists have put this theory to the test, claiming that if the price is set too low, shoppers can mistake it for a quality indicator (Ailawad & Gedenk, 2001).

The findings of this investigation suggest that storekeepers in Pakistan should concentrate on delivering excellent store brands at fair prices in order to increase their profits from private brands. Store owners can also formulate methodologies based on this research in order to make their current private brands successful.

References


