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Identifying Factors of Purchase Intention for Private Label Brands

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Abstract: This research was conducted among consumers of famous retail stores (e.g. Carrefour, Giant, Hypermart, Lotte, etc.) which offering private label brands in Jakarta. This study aimed to analyze the influence of attitude and brand awareness toward private label brands purchase intention. The assumed sample size was 150 respondents by using convenience sampling technique. The multiple regression model was used in this research data. The result shows there was relationship found among all the given variables, which means that all research hypotheses were found to be supported. These findings are expected to provide useful managerial implications for retailers in terms of effective solutions marketing for private label brands.

Keywords: Private label brands; Attitude; Brand awareness; Purchase intention.

1. Introduction

The growth rate of private label brands market share has increased over the past year. In the world of modern retail, Indonesia and Thailand occupy the highest sales position. It could be said that private label products are very well received by consumers where the economic conditions are declining. This is because the quality of products offered by private label products is below average compared to other branded products (Beneke and Stephen, 2015). In Indonesia, private label product is categorized as a product with lower quality. However, the estimated growth in sales of private label products in Indonesia could be said to grow faster than other general products. This private label product comes in retail to gain profit and build its own product image. This condition could be seen that every modern retail sells private label products with their respective brands (Besra *et al.*, 2015). It is also supported by the government that requires every modern retail to sell excellent products and SMEs that are specially produced in Indonesia. In general, Indonesian consumers are less interested in private label products, where the average sales of these products are still far below the sales of other branded products. Therefore it is necessary how to build consumer interest to private label product. In accordance with the background conditions that have been described at the beginning, the purpose of this study is to analyze the influence of attitude and brand awareness toward private label brands purchase intention.

2. Literature Review

One of the important factors that can affect consumer purchase intention to private label product is consumer attitude (Haro, 2016). The coverage of consumer attitudes toward private label products consists of trust, familiarity and perceived economic situation. The study results suggest that consumers will try to save on their expenses by buying private label products as long as their economic conditions are declining (Cela and Cazacu, 2016). But if their economic condition has recovered or improved, then they will switch back to the product brand that is familiar with them. This is because the product is familiar to a consumer, so that consumers can determine the choice of the product in the right way. Therefore, in building trust in private label products, retailers must be able to convince consumers with the products offered. The belief in a private label product can affect consumer attitudes through perceived benefits that are a combination of perceived price-quality. When a consumer makes a purchase, the internal memory of the purchase experiment comes alongside the external memory obtained through the information received by the consumer as they make the purchase process (Jaafar *et al.*, 2012). Consumers who have negative experience of a product will negatively impact the price of a product. This will certainly affect consumer decision making in purchasing products.

Brand awareness is closely related to brand names, symbols, logos, and more. Brand names often appear in the minds of consumers and the ease of doing (Yang, 2012). The ability of a person to remember and recognize a brand in a particular category with sufficient detail to make a purchase can be defined as a brand awareness. High brand awareness among consumers shows a high degree of familiarity. The study results say that brand image and brand awareness help decision for consumers when objective assessment of a product could not be determined. Brand

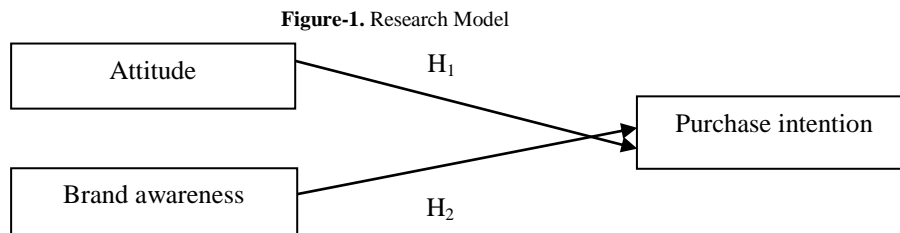
awareness could be attributed to purchasing intentions because consumers before buying first extract the product from their memory or memory awareness. In general, consumers appear to be more familiar with national brand products compared to private label brands. In addition, product brands that are more easily remembered by consumers are the products they buy often (Kakkos *et al.*, 2015).

The purchase intentions could be illustrated that the consumer intends to plan or purchase a particular product or service in the future (Bashir *et al.*, 2015). Consumer’s purchase intention is a benchmark or forecasting of consumer buying behavior in the future (Bilal and Tahir, 2013). This forecasting could certainly be used as forecasting data in sales and could be predict a new demand for a product. In this case, it is necessary to consider the factors that encourage consumers to do the intention of purchasing private label products, one of which is influenced by physiological and socio-psychological needs where these factors will tend to form the attitude of customers to private label products (Rizkalla and Leis, 2012).

Therefore the research model was shown at figure 1 and hypothesis formulations stated as follow:

H₁: There is an influence between attitude and purchase intention

H₂: There is an influence between brand awareness and purchase intention



Source: proceed data by researcher

3. Methodology

This research study is to analyze the influence of attitude and brand awareness toward private label brands purchase intention by using multiple regression analysis using SPSS. The method used was a survey by distributing questionnaires to 150 customers who purchase private label products retail self-service convenience in Jakarta. The sampling technique used is a non-probability sample with convenience sampling method. Methods of data collection used through surveys or questionnaires distributed to a number of respondents. The scale used in this study uses 5-point Likert Scale (1 = Strongly Disagree and 5 = Strongly Agree).

4. Results and Discussion

The demographic condition of total 150 respondents in this study mostly come from female consumers about 81 people (54%) with the range of respondent’s age from 20-25 years old (68.7%) which dominated of their occupation as college/student. The monthly income which they received most ranged below Rp 1 million was 71 people (47.3%). Meanwhile their spending was under Rp 1 million per month about 73 people (48.7%). The domicile of the respondents mostly live in west Jakarta (34.7%).

In table 1 show the result of validity and reliability test to all question items of variable. Based on the results of validity and reliability testing showed that all items statement of each construct have valid and reliable data. It shows that a $r_{\text{statistic}}$ greater than 0.1603 as r_{table} , so it could be conclude valid. Meanwhile the results of reliability test each construct value greater than 0.60, hence it could be concluded reliable.

Table-1. Validity and Reliability Test

No	$r_{\text{statistic}}$	r_{table}	Cronbach’s Alpha	Result	
Attitude					
1	0.746	0.1603	0.765	Valid	Reliabel
2	0.817	0.1603		Valid	
3	0.752	0.1603		Valid	
4	0.749	0.1603		Valid	
Brand Awareness					
6	0.722	0.1603	0.614	Valid	Reliabel
7	0.732	0.1603		Valid	
8	0.327	0.1603		Valid	
9	0.651	0.1603		Valid	
10	0.775	0.1603		Valid	

Purchase Intention					
14	0.722	0.1603	0.737	Valid	Reliable
15	0.759	0.1603		Valid	
16	0.568	0.1603		Valid	
17	0.786	0.1603		Valid	
18	0.648	0.1603		Valid	

Source: proceed data by SPSS 21

Table-2. Analysis of Multiple Linear Regression

Variable	Regression Coefficient (b)	t-value	Sig.
attitude	0.700	9.860	0.000**
brand awareness	-0.071	-1.037	0.301
Constanta	= 8.859		
Adjusted R ²	= 0.395		

Note: **p < 0.01; *p < 0.05

Source: proceed data by SPSS 21

Based on the data above, it shows that the influence between attitude and customer purchase intention of private label brands is positive and significant influence with regression coefficient value (b) equal to (+) 0.700 and significance value equal to 0.000. So the results of this hypothesis testing is H₁ accepted. The result could be explained that building trust in a private label products could be affect consumer's attitude and it will influence the consumer's purchase intention (Jaafar *et al.*, 2012). These condition has a similar result in the research study among graduate students where the effect of attitude had a positive and significant impact towards purchase intention of natural and organic shampoo products (Haro, 2015)

While the result of partial calculation of influence of brand awareness toward customer purchase intention of halal cosmetics product is no significant. Then the results of this hypothesis testing is rejected H₂, there is no influence between the brand awareness toward customer purchase intention. This possibility could be happen, because consumers who become the target of this research more familiar with national brand products compared to private label brands. It also because the brand which is easier to recall in consumer's mind, is the one more prefer to be bought (Kakkos *et al.*, 2015).

The coefficient of determination (Adjusted R²) in this research was 0.395. It means 39.5% variable interest in purchasing halal cosmetic product could be explained by the variation of independent variable in the form of consumer's attitude. Meanwhile the rest of 51.9% could be explained as other variables that affect the interest of purchases that are not examined in this study.

5. Conclusion

The result shows consumer's attitude was the most significant effect that influencing of purchase intention toward private label products which means that the research hypotheses was found to be supported. These findings is expected to provide useful managerial implications for retailers in terms of effective solutions marketing for private label brands in order to change consumers' attitude and positively influence their purchase intentions.

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