

Consumer evaluations of store brands: Effects of product-perceived risks

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ABSTRACT

The significance of retail store brands has increased. However, despite the emergence of numerous exclusive retail products, not all of them achieved success. Seemingly, retailers have a shortsighted comprehension of the different risks related to including new categories of products to the store brands. This research analysis investigates how various categories of perceived risks connected with attributes, products, and atmosphere of stores impact consumers' evaluation of store-branded products. A developed and tested structural model gave indications of the probability of consumers' evaluations of store brands. The research discovered various perceptions of store brands among the respondents. Also, one of the research results found different perceptions among users and non-users of store brands.

KEYWORDS

Branding; consumer evaluations; perceived risks; store brands

Introduction

The retail industry experienced profound changes in recent years, becoming dramatically transformed because of technology advancement. The importance of retailers grew as the competition increased, particularly in the consumer market. Concurrently, the development of new business strategies impacts the traditional retailing system. Therefore, the competition among retailers is steadily and noticeably rising. Historically and traditionally, the greatest part of retailer revenue derived from selling manufacturers' brands. Hence, it is rather challenging for them to create and produce their own brand, although by doing so their profit margin can significantly increase.

Recently, numerous retailers started to develop their brands and scholars identified different kinds of relationships between retailers and manufacturers (Davies, 1994; Rajagopal, 2014) and between retailers' brands, store loyalty, and store image (Ghosh, Ahmed, Annavarjula, & Lie, 2005; Professor & Researcher, 2014). Also, many scholars have focused on consumers' perceptions of retail and store and brands or retail brand (Kaplan, Szybillo, & Jacoby, 1974). Lately, numerous retailers concentrated on expanding their

business through the development of retail brands. To illustrate this, all main global retailers (i.e., Carrefour, Tesco, and WalMart) offer their brands in almost all categories of products. Besides, some of the retailers adopt technological infusion to provide maximum value to consumers. Clearly, both strategies require considerable capital investment. However, because of the ever-transforming competitive environment, today's retailers focus on strategy and attempt to give maximum value to consumers.

Scholars equally use words such as “retail brand,” “store brand,” and “store brands” for the same context (Burt & Davis, 1999). Scott Morton and Zettelmeyer (2000) wrote for the first issue of *Industrial Organization* dedicated to store brands, which are interesting to marketers because such products increase competition between retailers, and also between a retailer and manufacturer. Variety and options for store brands are increasing. The retailers examine all categories of main products to develop their brand. Hence, the demographics of the retail brand buyers is an important area of investigation for marketers and scholars. The main questions include who buys the product; what are the factors beyond consumers' purchasing decisions in regard to the retail brand; and how do retail brands ensure benefit for the retailers? Therefore, this research attempts to answer several important questions about the demographic of the potential buyers of the retail brand.

Background

Store brands are a wider concept than simply developing a product brand. Accordingly, Ailawadi and Keller (2004) argued that retail brands are multi-sensory compared to national brands, as store brands are connected to the image of the retailer. Therefore, developing a retail brand is a major goal of the brand portfolio for retailers. Furthermore, scholars claim that retailers' image among the consumers is the basis of the store brands' equity (Burt & Davis, 1999).

In addition, the store brand garners more profit when minimum promotion is needed, and the price difference between store and national brands is high (Hoch, Kim, Montgomery, & Rossi, 1995). One important difficulty for the retail brand can be the risk that consumers perceive while buying (Laroche, Papadopoulos, Heslop, & Mourali, 2005). When a retail brand achieves popularity, the actual and perceived quality of the national brand, on the one hand, and retail brands, on the other hand, is reduced (Batra & Sinha, 2000; Reyes-Mercado & Rajagopal, 2015). Consequently, the scholarly attention has moved from price to multidimensional considerations. More precisely, scholars pay attention to issues such as perceived risk, presentation of the product, and retail format when analyzing the dynamics of different store brands.

Perceived risk refers to the subjective anticipation of loss. Some studies interchangeably examine perceived risk and uncertainty and perceived risk. Perceived risk is a crucial basis for purchasing decisions (Dowling, 1999;

Kundu & Datta, 2012; Laroche et al., 2005). Therefore, the greater the perceived risk connected to the retail brand, the less market share there will be, as consumers are cautious about buying. Clearly, consumers' involvement is at an all-time high. Hence, when deciding on a purchase, consumers attempt to reduce uncertainty, which requires marketers to decrease perceived risks connected to the retail brand.

Research objectives

Most literature on retail brands has been focused on the outputs and results (i.e., behavior of customers; retailer responses to competitors; suppliers' responses to retailer brands) although retailers impact the consumers' decision-making process by various strategies. Hence, a lack of literature exists on how the development activities of the retailers impact the retail brand. These activities are various and include supplier development and the relationship with suppliers, distribution, decisions on items, naming of the brand, packaging, display of products in stores, et cetera. This research analysis shows how perceived risk impacts consumers' attitudes and consumption of the store brands. Risk and attitudes potentially share the conceptual parameter. The perception of a risk affects the attitude toward brand. In this research, therefore, a perceived risk is considered an independent variable and the research identifies the effect of it on purchasing store brands. This research answers the following questions:

1. Do consumers have perceptual differences regarding national and store brands?
2. Is there a significant price gap between national and store brands?
3. How does perceived risk impact store brands?

Significance of this study

A lack of empirical evidence exists in research about store brand, as it is a newly emerging industry. This study analyzes the inclination of Malaysian retail brands to develop a framework of the factors beyond buying store brands. It also determines the characteristics of the buyers that would be interested in purchasing store brands. This research measures customers' perception of national and store brands. Therefore, this research is a crucial contribution to the strategic brand management for retailers and manufacturers.

Literature review

With the increase of brand significance used in marketing channels, retail brands became a crucial marketing tool for retailers in the competition against various indirect and direct competitors.

Retailer brand's roles

Scholars paid attention to positive and negative aspects of the retail brands' increased share, while respecting the existing balance between retail and manufacturer brands (Bhasin, Dickinson, & Nandan, 1995; Hoch et al., 1995; Nobre, 2011; Sedzro, Amewu, Darko, Nortey, & Dasah, 2014). The retailers develop retail brands with a variety of goals. Hence, gaining insight into the details of the goals is a beneficial way to understand how retailers make decisions regarding brand development.

Customers' perceptions of store brands

A crucial element in the development of a successful national brand strategy is to understand consumers. Consequently, identification of consumers' perceptions of national and retail brands is critical for understanding the factors that retailers should consider from the perspective of customers. Due to the increase of retail brands in market share, scholars started to focus on research targeted at identifying the characteristics of consumers who purchase retail or national brands (Bettman, 1974; Burger & Schott, 1972; Myers, 1967).

Considerable attention is given to perceived risk because it is considered a major factor behind the willingness to purchase a brand (Grewal, Gotlieb, & Marmorstein, 1994). Hence, retailers and manufacturers are inclined to determine how to diminish perceived risks. Furthermore, perceived risk is recognized as the most significant factor in determining market share of the retail brand (Bettman, 1970, 1973).

There are emotional, social, or psychological dimensions of perceived risk (Kundu & Datta, 2012; Narasimhan & Wilcox, 1998; Sulaiti, Ahmed, & Beldona, 2006). According to Narasimhan and Wilcox (1998), there are six sub-risks: financial risk (the belief that buying store brands is a waste of money); performance risk (a belief that purchased products will not function properly); social acceptance risk (a belief that that store brands will jeopardize the social status); physical risk (a belief that use of the purchased product will affect well-being); psychological risk, (consumer believe that he or she would be unhappy if purchasing a brand); and time risk (a belief that due to bad product performance a consumer will waste time) (González Mieres, María Díaz Martín, & Trespacios Gutiérrez, 2006b).

Most relevant for retail brands is uncertainty related to product performance and financial risks. The most probable reason for that is the perceived lack of reliability of retail brands because consumers tend to perceive national brands as more reliable (González Mieres, María Díaz Martín, & Trespacios Gutiérrez, 2006a; Rajagopal, 2010; Rajagopal, 2014). Similarly, financial risk increases together with the increase in price (Grewal et al., 1994). Also, it is critical to emphasize that the degree of the risk perceived

can vary in relation to a consumer's demographic and socioeconomic contexts (Scott et al., 1981). Furthermore, it is important to report the correlation between performance risk and price. The product price is positively correlated with the shopping outlay of consumers. Accordingly, financial risk derived from purchasing a product may be among the greatest concerns for consumers. A different view applies to the relationship between performance risk and price. Whereas price is an integral factor in financial risk, it affects consumers' perceptions all the time (Grewal et al., 1994).

Hence, considering that customers have increased perceived risk when purchasing a store's brand compared to a national brand, a retailer must provide additional information on its own brands. Increasing the price is a good way to decrease risk based on the theory that the higher price means higher quality. Contrasted to other findings, this finding recommended that price has little interaction with performance risk (White & Truly, 1989). González Mieres et al. (2006b) stated that customers' perception of retailer brands as an alternative to national brands is much lower when familiarity and prestige of store brands increase; this is because quality advertising and brand image and identity of the retailer are enhanced.

Theoretical framework

Perceived risk has been in the focus of scholars and practitioners. Also, it has been applied in diverse areas such as intercultural comparisons, dental services, food technology, banking, and apparel catalog shopping (Mitchell, 1999; Rajagopal, 2010). Perceived risk denotes the characteristics and quantity of risk a consumer perceives when thinking about a specific buying action. The businesses must detect the impact of different risk types to decrease consumers' perceived risk and provide better services. According to (Mitchell, 1999), risk analysis is employed in marketing resource allocation decisions because it is a powerful tool for comprehending consumer behavior. The reason is that consumers are frequently more concerned about avoiding mistakes than interested in maximizing buying utility. Consequently, perception risk analysis is beneficial for the development of the brand image, positioning, and segmentation. This theory was used by marketing scholars to comprehend the effect of perceived risk on consumer behavior regarding marketing buying decisions under the condition of incomplete information (Cox & Rich, 1964; Cunningham, Holloway, & Hancock, 1974).

Perceived risk

Perceived risk is defined as the predicted negative utility connected to buying a specific product or brand. Perceived risk represents a loss caused by bad buying decisions, as perceived by consumers in a purchasing situation.

Interpreting perceived risk in terms of negative consequences corresponds to consumer perceptions about the risk in general, and the focus on factors concerning consumers in particular. The degree of perceived risk is a major factor behind consumer behavior (Bettman, 1973; Dowling & Staelin, 1994). In a case of high uncertainty, perception risk increases while consumers are occupied with various types of activities aimed at reduction of risk. In this study, a conceptual model for empirical testing in Malaysia is developed. Figure 1 shows the conceptual model.

Financial risk

Financial risk is consumers' perceived risk that the store brand product is not worth the cost or is a bad investment. This type of risk is typically more related to store brands than to national brands (González Mieres et al., 2006b; Lee, 2006). Although the number of retail brands continue to rise and a significant number of consumers decide to purchase them, most consumers still doubt their quality. Also, scholars explain financial risks related to retail brands with a lack of confidence in the retailer and fear of mistakenly buying wrong products and not receiving adequate service from the product. Financial risks are related to the reduction in sales of retail brands. Hence, the postulate of this research is that:

H1: Financial risk has an impact on the purchase decision of store brands.

Product performance risk

The risk associated with product performance is the disappointment buyers may experience if a retail brand does not meet expectations. High product performance risk occurs when there is a lack of personal contact in the purchasing process (Forsythe & Shi, 2003). The degree of product performance

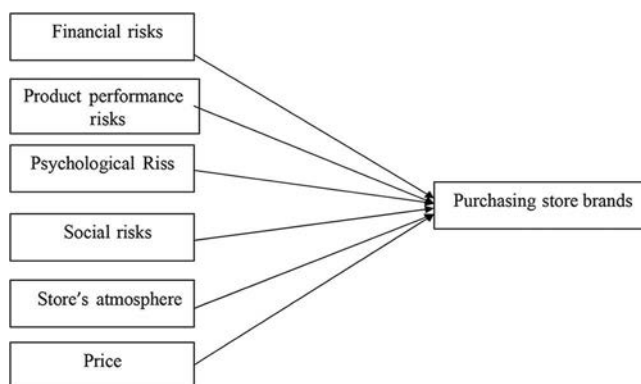


Figure 1. Theoretical model.

risk connected to store brands depends on the product type. Other factors affecting the risks associated with product performance are the difficulty of using a product and the product price. For example, many scholars (Jacoby, Olson, & Haddock, 1971) used physical-risk to refer to any risk that may impact a customer's health. Others have also extended the definition of risk associated with product performance to include warranty and delivery schedules (Forsythe, Liu, Shannon, & Gardner, 2006; Forsythe & Shi, 2003). Therefore, the second hypothesis is:

H2: Product performance risk has an impact on purchasing store brands.

Psychological risk

Jacoby et al. (1971) defined psychological risk as mental stress and dissatisfaction stress derived from buying a product. The same concept is applicable to the retail brand context on the assumption that consumers may become frustrated when contemplating the alternatives prior to purchasing store brand products. Furthermore, frustration may be a cause of mental stress because of prolonged contemplation. Also, mental stress can occur due to a lack of clear information about the product. Accordingly, the third hypothesis postulates that:

H3: Psychological risk has an impact on purchasing store brands.

Social risks

Social risks refer to the opinion of one's social circle when purchasing a store brand. Such risk makes the consumer doubt if it is appropriate to accept an innovation such as buying retail brands. However, if the reference group of a buyer considers purchasing retail brand products as appropriate and fashionable, a buyer will be inclined to purchase it. Accordingly, the hypothesis of this research is the following:

H4: Social risk has an impact on purchasing store brands.

Retail store's atmosphere

Atmosphere in a retail store impacts buyers' perceptions of its image, also if it is worth visiting, how much they should spend, and how much money they actually spend (Bellizzi & Martin, 1982). The influence of retail stores' atmosphere depends on customers' shopping goals: task completion or recreation. For example, the shopping goal such as buying a new TV is considered a task completion. Subsequently, we can proceed to the analysis of important elements impacting task completion shoppers. In regard to

physical features, having good lighting is crucial. Good lighting presents an added value for a store atmosphere because it highlights products and space and sets positive mood and feelings associated with the image of a store. It is proven that quality lighting has a positive impact on buyers' shopping behavior. Buyers prefer to be in a calm environment when shopping for completing a task. Accordingly, our hypothesis is the following:

H5: The retail store's atmosphere has an impact on purchasing store brands.

Price

Price is the crucial feature in the development of a store image. Buyers over time develop and possess perceptions, on the basis of comparing perceptions of various stores (Sedzro et al., 2014). Prices and promotions are seen in relative terms when buyers evaluate offers and brands placed together on the shelves (Elg, 2003; Evans, Bridson, Byrom, & Medway, 2008; Julian, Ahmed, Wel, & Bojei, 2015). Buyers form and employ price perceptions during the decision process. Price has a positive and a negative role. Its positive aspect is connected to the status of the buyer, quality, and prestige, whereas its negative aspect is connected to the economic sacrifice—the monetary expenditure necessary for a purchase. Accordingly, the hypothesis of this research is the following:

H6: The perception of price has an impact on purchasing store brands.

Research methodology

Four constructs developed for measuring price were adopted from Guenzi, Georges, and Pardo (2009).

Sampling

The research population included individuals who frequently shop in retail stores such as Jusco, Giant, and Tesco in Malaysia. To clarify research population, the population for the research context was redefined. Accordingly, this research is focused on consumers having membership cards of one or more of the retail stores in Malaysia. The sample frames for the research were acquired from the databases of retail stores. This commercial sampling frame is the most appropriate because only retailers keep records about retail consumers. Out of 1,000 questionnaires distributed to individuals doing shopping in different retail stores across Malaysia, 12 were not completed. Therefore, 988 respondents were used in the final test.

The sample consisted of 61% female respondents. Respondents' ethnicity included Malaysian (52%), Chinese (34%), and Indian (10%), whereas the rest had mixed ethnicities.

Furthermore, most of the respondents had high school diplomas (40.49%), bachelors degrees (36.9%), and post-graduate degrees (11.54%). Hence, the respondents overall were well educated. The sample also included a variety of occupations, such as professionals, students, and stay-at-home moms, therefore giving the sample appropriate perceptual aspect derived from the inclusion of various occupational groups. IT professionals (27.73%) were the largest occupational category of respondents, followed by administrative positions (23.38%). Housewives comprised 2.32% of respondents. In regard to income, most of the respondents earned between RM 3001 to RM 5000 per month. It was followed by RM 5001 to RM 7000 and RM 1001 to RM 3000 income groups. Only 2.22% of respondents had an income higher than RM9000. In addition, 10% of respondents were unemployed and report having no income.

The sample had a normal distribution of respondents regarding their marital status, including almost the same number of married (485) and single (490) respondents. This finding helps us discover the frequent buyers of retail brands. It helps assess respondents' purchasing power and purchasing behavior. Typically, most of the respondents reported spending between RM501 to RM1000 on their shopping (39.06%), 18.82% of respondents reported spending between RM1001 to RM1500, whereas only 3.64% of respondents reported spending more than RM3000 for monthly shopping.

Results

Buying different types of store brand products

The respondents answered two questions in the first section of the questionnaire: (1) Do you buy retail brands? (2) If the answer is yes, which types of products do you buy? The goal of the questions was to understand what types of store brands consumers purchase. Five hundred eighty-six of 988 respondents confirmed buying retail brands. Regarding types of products, the most commonly bought retail brand product was food and toiletries (each 543 respondents) then stationary (489), and finally kitchen material (386). Consumers do not buy cosmetic and electronic retail brands.

Measuring perceptual differences among different demographic attributes

Prior to analyzing perceptual differences, the research measured average respondents' perception about store brands. Table 1 presents mean and standard deviation for all the perceptual statements. The results show mixed perception toward the store brands. Store brands are a cheap way to maximize value (4.30). Accordingly, many respondents reported that buying retail saves

Table 1. Customers' perceptions of store brands.

Descriptions	Mean	Standard deviation
Store brands help me to maximize my shopping value	4.30	.563
Store brands help me save money without decreasing the number of products	3.97	.782
Store brands increase consumers' purchasing power	4.02	.724
Store brands have many varieties	4.01	.823
Buying store brands is a sensible way to shop	3.10	.532
The quality of stores' branded products are not as good as national brands	4.52	.891
I can find store-branded products everywhere	2.03	.561
Store brands provide variety of products	2.10	.321
Store brands help grow the economy	3.03	.472
Store brands are always on sale	3.12	.586

shopping expenses, without a necessity to reduce the number of bought products (3.97). Also, respondents claimed that store brands offer a variety compared to national brands (4.01). Many respondents confirmed the statement that purchasing store brands impacts the increase of buyers' purchasing power (4.02). Conversely, many respondents believed that the quality of the store brand does not equal the quality of manufacturer brands (4.52). Furthermore, respondents mostly disagreed that store brands are widely available (2.03) and that store brands offer all product types (2.10). Respondents were neutral in regard to other statements. Table 1 shows respondents' perceptions of retail brands.

Hypothesis testing

Reliability test

This research employed Cronbach alpha to measure scale reliability. Table 2 presents scale reliability (composite) for all constructs. Results demonstrated that all observed constructs are within range of good and excellent. Accordingly, these variables can serve as a basis for further research.

In addition, this work also identified the reliability of the variables. Table 3 shows the results of squared multiple correlations for all items. Results show that the values for all constructs were larger than 0.05.

Table 2. Scale reliability.

Composite items (risks)	Value (alpha)
Social	0.901
Financial	0.873
Performance	0.885
Psychological	0.869
Store	0.921
Price	0.916
Purchasing store's brand	0.859

Table 3. Constructs’ squared multiple correlation coefficients.

Observed variable name	Squared multiple correlation coefficients
Social Risk	
Buying store brand concerns me because I’m worried that my friends or family may respond negatively.	0.956
Receiving unwelcomed comments from a neighbor because of store brand disturbs me	0.856
Financial Risks	
Spending money on store brands is unwise decision.	0.759
Store brand is not a good investment	0.786
Performance Risk	
I am concerned about whether the store brand will perform as it suppose to	0.892
I am concerned that store brands will not provide the level of expected benefits	0.851
Psychology Risks	
Buying a financial service from a bank makes me feel uncomfortable	0.921
Thinking about financial transactions makes me uncomfortable.	0.923
The thought of buying a financial service makes me tense	0.916
Store Atmosphere	
The design of a store encourages me to visit again.	0.851
Music playing in a retail store creates good atmosphere for shopping	0.842
Shelf placement and design help me find branded products easier	0.831
The visual appeals of the store brand motivates me to buy their stores’ brand product	0.841
Prices	
Price is a critical when selecting store brand product	0.742
Price is my main determinant to buy store brands product	0.789
Price gives me an indication about the quality of store’s brand products	0.813
The low price of store’s brand products motivate me to purchase it	0.821
Buying stores’ brand products	
Store brand provides good level of satisfaction	0.824
Store brand helps me buy more items without spending more money	0.826
Store brand provides acceptable balance quality and price	0.831
A store provides difference ranges of products	0.815

Estimating the main model

Table 4 shows the general goodness-of-fit statistics were within acceptable fit. According to the results, this model is adequate and well fitted and it provides reliability to test a proposed hypothesis.

Table 4. Conceptual model’s goodness-of-fit indicators.

Fit measure	Acceptable range	Main model
χ^2		7.588
df		8
P		0.622
χ^2/df	<5.0	0.949
RMR	<0.80	.015
RMSEA	<0.10	.052
Goodness of fit Index (GFI)	>0.9	.980
Adj. Goodness of fit Index	>0.8	.940
Normal Fit Index	>0.9	.975

Hypothesis testing

Table 5 displays the path coefficients for the final model for hypothesis testing and Table 6 summarizes the results. Results show that five out of the six hypotheses have significant support, and one variable was insignificant because it had significant value more than 0.05. All significant factors are negatively associated with customers' intention to purchase store brands. This is because perceptions of high risk means less intention to buy a product.

Financial risk

Our research analyzes financial risk in relation to cost against product value. How are consumers' evaluations of brand price compared with brand benefits? The results disclosed a significant negative impact on purchasing store brands, i.e., if buyers have a higher financial risk, they will buy fewer store brand products. The results are in line with preceding research (Cunningham, Gerlach, Harper, & Young, 2005; Lifan Zhao, Hanmer-Lloyd, Ward, & Goode, 2008). The prior studies also revealed a significant negative relationship between financial risk and purchasing brands. Financial risk is a relevant factor for consumers when considering brand because they always attempt to maximize their financial benefits. Retailers must provide adequate comparison to enhance consumers' purchasing decisions in favor of a store's branded products. Therefore, this study argues that financial risk has an important negative connection with the intention to purchase retail brands.

Perceived risk for product performance

Consumers are reluctant to buy a non-brand product because of their perception of performance risk (Fandos Herrera & Flavián Blanco, 2011; Hernández, Jiménez, & José Martín, 2011). Forsythe et al. (2006) argue that ensuring high performance is the main feature of successful brands in the market. Through the superior performance of its products, a company can become trustworthy for the buyers and consequently a strong brand name will be developed among buyers.

Based on the results, product performance has a negative impact on purchasing store brands. If consumers are not sure about the performance of store brand products, they will not buy them. Product performance risk is the second most significant factor (-.689) in the conceptual model. Hence,

Table 5. Path coefficient for the final model for hypothesis testing.







Descriptions	Path coefficients	Sig.	Critical ratio
Social risk  Buying retail brand	-0.369	0.000	-4.589
Financial risk  Buying retail brand	-0.569	0.000	-6.749
Performance risk  Buying retail brand	-0.689	0.000	-7.213
Psychological risk  Buying retail brand	-0.421	0.000	-5.261
Store atmosphere  Buying retail brand	0.012	0.087	1.159
Price  Buying retail brand	-0.758	0.000	8.956

Table 6. Summary of results.

Hypothesis	Relation	Decision
Financial risks have an impact on purchasing store brands	Negative	Accepted
Product performance risk has an impact on purchasing store brands	Negative	Accepted
Psychological risk has an impact on purchasing store brands	Negative	Accepted
Social risk has an impact on purchasing store brands	Negative	Accepted
Store atmosphere has an impact on purchasing store brands	No	Rejected
Price has an impact on purchasing store brands	Negative	Accepted

it can be confidently concluded that in order to encourage buyers to purchase store brands, retailers must ensure high product performance. Accordingly, the proposed hypothesis regarding product perceived performance is accepted and the conclusion is that if the product is associated with perceived performance risk, buyers will not be inclined to purchase it.

Psychological risk

The psychological risk is a risk connected to mental stress. This type of risk occurs when the buyer does not have all relevant information regarding expiration date, product usage, country of origin, et cetera (Guenzi et al., 2009). This research obtained similar results, and psychological risk is the fourth significant factor in purchasing store brands. The results showed a negative impact on purchasing store brands, i.e., if buyers perceive high psychological risk, they will be less inclined to purchase store brands. In fact, many scholars reported that consumers were deceived by wrong information about non-branded products (Spangenberg, Spratt, Grohmann, & Smith, 2003; Ülengin & Uray, 2005). Accordingly, the proposed hypothesis about psychological risk is accepted. In conclusion, if the psychological risk is high, there is less inclination to purchase store brands.

Social risk

Social risk was cited as an important factor in numerous preceding studies, particularly in regard to brand building and developing brand equity (Elg, 2003). In this research, the social risk is a risk of not being accepted due to purchasing store brands. Humans are primarily social beings and interact with society daily. Thus, social risk has an important negative impact on purchasing store brands. The regression coefficient for this is $-.369$ (Figure 2), which implies that higher perceived social risk results in less inclination to purchase store brands. This result corresponds to preceding research from different countries (Burt & Davis, 1999). Dowling (1999) concluded that social risk negatively impacts customer's buying decisions. Frequently, buyers shop with family members or friends, and it is known that selection of brands connotes prestige, status, et cetera. Accordingly, it is concluded with the support of empirical evidence that social risk negatively impacts decisions to purchase store brands.

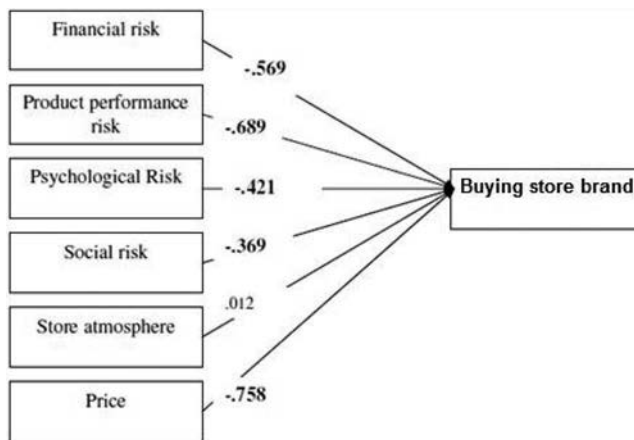


Figure 2. Main model with path coefficient.

Store atmosphere

Store atmosphere is another significant factor in choosing which store to purchase a product (Kotler, Bowen, & Makens, 2003). However, unexpectedly, this research did not provide enough empirical evidence to claim that store atmosphere is a significant factor in purchasing store brands. In contrast, the preceding study indicated store atmosphere as an important determinant in choosing retailers.

The insignificant association probably depends on research context. This research focuses on intention to purchase store brands rather than selection of retail stores. Fandos Herrera and Flavián Blanco (2011) argued that the brand development solely depends on product and service attributes and not on the retail store, which is considered to be simply a channel of distribution. Retailers ensure a convenient and comfortable buying place for consumers. However, selection of product is not dependant on retail store atmosphere. The results also showed the insignificant impact of store atmosphere on purchasing store brands. Accordingly, this hypothesis was rejected.

Price

The last factor for purchasing store brand is the price. Numerous scholars argue with conviction that most consumers opt for purchasing store brands to save money (Evans et al., 2008). In addition, these scholars claim that consumers perceived the main advantage of store brands is lower price. Likewise, according to the results of this research, the price is the sole most significant factor for purchasing store brands. Its regression standardized coefficient is $-.758$. It clearly indicates the significance of price in purchasing store brands. On the basis of the results, the proposed hypothesis about price is rejected.

The conclusion is that the lower price of a store's branded product increases the customers' intention to purchase it.

Conclusion, marketing implications, and discussion

Many studies referred to Malaysia as a shopping heaven, because of incentives provided by the Malaysian government. For example, in comparison to many countries in Asia, the tax rate in Malaysia is relatively low. Consequently, the retail industry has been growing in the past decade, showing a growth of 6.1% from 2009 to 2010. The citizens of Malaysia are passionate shoppers. Therefore, many retailers invest heavily in store brand development. It makes this research on consumer's perceptions important and interesting.

The results show that the majority of the buyers opt for regular store brand products, such as food, toiletries, stationery, and kitchen products. Therefore, consumers chose less expensive store brand products of lesser value. Apparently, respondents buy these types of store brand products more frequently than they buy electronics and cosmetics. When purchasing cosmetics, consumers opt for branded and reputed brands.

Store brand users are more positive than non-users. It was expected that non-users have a neutral perception about store brands, because of a lack of experience with them. Nonetheless, results revealed that regarding some aspects of store brands, two types of consumers share similar perceptions. For example, they share perceptions that store brands are not widely available; that corporate brands are better than store brands, and that store brands do not have sufficient product lines. For that reason, consumers may be reluctant to buy store brands. For example, during the pilot research, one respondent commented on the lack of Tesco mouthwash as a complementary product for Tesco toothpaste.

Simultaneously, store brand users believe that store brands increase their purchasing power whereas the number of purchased products is not compromised. In this regard, users and non-users exhibit important differences. Users of store brands save money, whereas non-users do not experience such savings. Also, the groups differ in terms of perceptual differences about maximizing buying value. This research also discovered a price gap existing between retail and national brands in nine product categories. Greater price differences are found in the heterogeneous product categories than in homogenous product categories such as mutton and chicken.

Finally, this research examined perceptual differences between married and non-married respondents, because preceding studies did not attempt to test them. Marital status can be important, as Mitchell (1999) argued that single and married consumers hold different mindsets for evaluating information that influences purchasing decisions. This research attempted to discover differences based on marital status regarding store brands. According to the results, differences exist between single and married respondents, but not in

all aspects. This research placed respondents into three categories on the basis of marital status. Single buyers may have different buying objectives and they are less reactive about brand. Ahmed, Ghingold, and Dahari (2007) argued that married couples are more involved than young buyers and this may be the reason behind different perceptions. This research identified six factors impacting intentions to purchase store brands. Among them, only store atmosphere did not exhibit an important impact on purchasing store brands, despite many previous studies that found a correlation between store atmosphere and buying decisions. The reason may be that corporate brands are widely available, whereas store brands are found only in particular retail stores.

However, the results revealed that five other factors do have significant negative impact on decisions to purchase store brands. Numerous other studies also suggest that when perceived risk is greater, there is less intention to purchase that brand. According to respondents, product performance is the biggest factor in influencing store brand purchase. Also, it reflects the buyers' perception about the quality of store brand products. Most respondents tend to think that corporate brands exhibit better quality than do store brands. The results clearly indicate that buyers do not have complete confidence in the performance of store brands. Consequently, financial risks are the second most significant perceived risk regarding store brands. This finding implies that respondents believe that it is risky to purchase a store's branded product, because they believe they are losing money. Accordingly, the conclusion is that when greater financial risk exists, there is less incentive to purchase store brands.

Product price is a significant factor behind a decision to purchase store brands. This factor was expected because many scholars argue that store brand buyers are highly sensitive about price (Elg, 2003). Price exhibits a significant negative impact on intention to purchase store brands: and high prices of store brands discourage consumer purchase. According to the results of the research, insight into buyers' perceptions revealed that to increase sales, retailers must offer lower priced store brands in comparison to corporate brand prices. These findings provided revelations about consumers' perception of store brands.

Marketing implications

The results of this research have important practical implications for the retail industry in Malaysia. In addition, this research gives empirical and also market-oriented evidence that can be highly useful for the retailers. The results are particularly helpful for the managers engaged in the development of store brands. The practical implications include:

- Store brands can be successfully developed and established in every-day use categories: food, beverages, plastic and kitchen materials, and toiletries. Retailers should focus development strategies exclusively on frequently purchased items.

- Retailers should spread high awareness among consumers with membership cards about the advantages of their store's brands. For example, retailers should spread information to the non-users of store brands. Hence, retailers must learn how to use and subsequently employ appropriate communication techniques and tools with non-users.
- Retailers should offer a large variety of products within the same category of products. For example, Head and Shoulders has dandruff shampoo, which comes in numerous varieties. It is important to develop strategies to increase variety and depth of products.
- Retailers should ensure high quality, offer to refund money to unsatisfied customers, and offer product replacement.
- Retailers should ensure that the customers can gain financial benefits from purchasing their products, including rebate, discounts for purchasing large quantities, et cetera. Most important, retailers need to offer sale promotions for their products.

Limitations and direction for further study

This research attempted to overcome numerous limitations by following strict scientific research process and methodology. Nonetheless, it is almost impossible that any of the research in the field of social science is completely error-free. Therefore, this research has an unsolved limitation in regard to sample time.

One limitation of this research was acquiring quality information from respondents. It was a challenging task for the researcher to obtain an adequate sample frame for the buyers because many retailers are not able to have current updated consumer databases. Hence, it was challenging to establish communication with the right consumers and to receive the information to investigate.

Another limitation of this research is determining the sample. Data were obtained from large urban centers such as Johor Bahru, Selangor, and Kuala Lumpur, and a few more urban areas. Hence, it would be inappropriate to generalize the findings and to claim that these are the perceptions of Malaysian buyers across the country.

An additional limitation of the research is that it did not focus on specific products of store brands, but it examined store brands in general. Hence, a possibility exists that a concept of store brands was misinterpreted by the consumers. Subsequent studies may focus on particular store brands. Another important area of study that was not included in this research is differences between international and national retailers.

Despite the limitations described, this research provides solid empirical evidence about perceptions of store brands in Malaysia, and is one of a few studies that qualitatively assessed factors behind intentions to purchase store

brands. The main objectives of the research were to measure the perceptual difference of different demographic groups and also to identify crucial factors impacting intention to purchase store brands. The results provided an important insight into the perspective about store brands that customers hold. Findings indicate that price has the most important role in decisions to purchase a store's branded products. Finally, the retailers must ensure wide availability of the products and ensure its variation to fully satisfy needs of different consumers.

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