Store Image's Influence on Perceived Quality of Store Brands and Store Brand Purchasing Behavior[1]

Beyza Gültekin

(Ph.D.), Hacettepe University
beyza@hacettepe.edu.tr

Leyla Özer

Assoc. Prof. (Ph.D.), Hacettepe University
leyla@hacettepe.edu.tr

Abstract *In the marketing literature store image and its dimensions are identified and studied by many researchers. However, its influence on consumers' "store brand purchase" and its "perceived quality" is rarely studied for different product categories (food, non-food). In this framework, the purpose of this study is to examine store image and its influence on the consumers' store brand choice and perceived quality of store brands. Store image dimensions' effect on each mentioned variable is tested on a sample of 378 customers who usually shop from hypermarkets in Ankara, Turkey. As there are too many store image variables, initially factor analysis is applied to group the store image variables in order to reduce the number of variables to a smaller set of independent factors. In the second step, "store image dimensions and store brand purchase" and "store image dimensions and perceived quality of store brands" are investigated with the Regression Analysis. ANOVA was applied to identify the variances between perceived quality of food and non-food categories. It was found that store atmosphere dimension of store image affects perceived quality of store brands. Perceived quality of store brands affects the purchasing of store brands whereas any of the store image dimensions does not. In food and non-food categories perceived quality of store brands effect store brand purchasing. In non-food category, store atmosphere dimension of store image affects perceived quality of these products.*

Keywords: *store image, store brands, consumer purchase behavior, perceived quality, product category (food, non-food)*

1. Introduction

Positive store image is a key asset for retailers to achieve and sustain success in an increasingly competitive marketplace (Grewal et al., 1998). Because of this, retailers are trying to make their customers perceive their store image positively. Store brands - that are unique to the store - may increase customer traffic, generate greater store loyalty (Corstjens and Lal, 2000; Richardson et. al. 1996) and contribute to profitability (Corstjens and Lal, 2000). For example, in Britain and USA, store brands have helped retailers have profit margins close to 8 and 1-2 percent of sales respectively (Richardson et al., 1994).

Turkey concerning retailing is a very attractive market. Growth rate of retailing is stated to reach 18%. The more the market's growth rate, the more is the competition among the retailers. In this tough economic condition, the critical element of success for the retailer is their store image and store brands. Retailers who manage their image effectively can influence consumers' store patronage decisions and improve their competitive position (Grewal et al., 1998). Although it is not that much early to adapt store brands in Turkey as in the US or other European countries, according to Retailing Institute growth rate of store brands in Turkey is 69%, 39%, 34% respectively in 2002, 2003 and 2004 (Bas, 2007: 53).

In this context, evaluating the transferability of a positive store image to the store brands can be useful for managers since store brands represent a crucial source of differentiation among retailers. Store image composed of many dimensions and knowing which dimensions of store image contribute positively to the perceived quality of store brands can provide retailers strategic advantage. By investing in those specific dimensions, they can gain the advantage of store image on the one hand and on the other hand transfer this positive image to the perceived quality of their store brands, which are generally perceived as low quality compared to the national brands (Omar, 1996; Richardson et. al. 1996). A

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store brand can be successful in one category whereas not in other category. This may be because of the variances in promotional activities, design of package, the perceived quality of store brands in different product categories and/or may be the store image. In the marketing literature store image and its dimensions are identified and studied by many researchers. However, store image's influence on consumers' store brand purchasing with its effect on perceived quality is rarely studied. Therefore, the purpose of this study is to examine the influence of a set of dimensions of store image on customers' perceptions about the quality of store brands in the specific context of Turkey. In different product categories such as food and non-food are the other findings of this research. Hence, the objectives of the study are three fold (1) to determine if the hypermarket's store image affects the perceived quality of store brands (2) if it is the case, on which dimensions of store image they play to generate a maximum of benefits for the perceived quality of store brands (3) to determine whether store brands' quality affects store brand purchasing behavior and (4) to identify whether the store image dimensions affects store brand purchasing behavior.

Our research provides retailers with preliminary answers to those questions and contributes to literature in retailing since there is a limited number of empirical studies (Collins-Dodd and Lindley, 2003; Semeijn et. al. 2004) especially in Turkey investigating the links between store image dimensions and perceived quality of store brands.

This study starts with a brief review of literature about store image, its dimensions and store brands' perceived quality that leads to the development of hypotheses. The research methodology is then presented, followed by the results drawn from the sample. Finally, the most important contributions, managerial implications and limitations of our research are presented.

2. Store Image and Store Image Dimensions

Martineau (1958, p. 47) defined the store image as "the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes." For James et al. (1976) store image is "a set of attitudes based upon evaluation of those store attributes deemed important by consumers." Parallel to this view, Engel and Blackwell (Mazursky and Jacoby, 1986) defined store image as "one type of attitude, measured across a number of dimensions hopefully reflecting salient attributes." Bloemer and Ruyter (1998, p. 501) defined store image as "the complex of a consumer's perceptions of a store on different (salient) attributes." There are some little differences among authors with respect to dimensions of store image. The store image attributes applied in this study is adapted from the related literature (Baker et. al. 1992; Bloemer and Ruyter 1998; Chowdhury et. al. 1998; Cudmore 2000; Mazursky and Jacoby 1986; Richardson et. al. 1994; Samli et. al. 1998; Semeijn et. al. 2004; Collins-Dodd and Lindley 2003). Store image dimensions commonly mentioned by those studies are product variety, products' quality, prices, store atmosphere, employee service and location/convenience.

3. Effect of Store Image Dimensions on Perceived Quality

Store image can be a determinant of product quality (Collins-Dodd and Lindley 2003; Wheatley and Chiu 1977). Consumers use store image dimensions to form an overall evaluation that will not only affect their attitude toward the store as a whole but also their attitude towards the store brands. Moreover, as consumers think positively toward a store, their evaluations for its store brands will be more positive (Semeijn et al., 2004). Collins-Dodd and Lindley (2003) also found the effect of products' quality that the store offers to its customers on the attitude toward the store brands. It has been shown that merchandise (quality and assortment) influences positively consumers' attitude towards the store brand (Semeijn et al. 2004). So, it was hypothesized that:

H1. Consumers' perceptions about merchandise variety positively affect the perceived quality of store brands.

H2. Consumers' perceptions about merchandise quality positively affect the perceived quality of store brands.

With respect to the price dimension of store image, Collins-Dodd and Lindley (2003) reported that low prices in the supermarkets do not have any impact on consumers' attitudes towards store brands. It may be because of the product specific nature of price's effects on quality perceptions (Wheatley and Chiu, 1977). Product's price solely is an indicator of perceived quality (Richardson et al. 1994) whereas price level in the store is not. That is why it is not hypothesized to have an effect of price dimension of store image on perceived store brands quality.

Semeijn et al. (2004) showed that service (knowledgeable, courteous and helpful employees, no problems when returning items, convenient opening hours) could influence consumers' attitude towards store brands. Consumers may believe that a store offering services of good quality (essentially, by the intermediary of its salespeople) is likely to stock and recommend products of quality (Jacoby and Mazursky, 1984; Sweeney et al. 1999).

H3. Consumers' perceptions about the service positively affect the perceived quality of store brands.

According to environmental psychology, environmental factors such as interior design, store layout, lighting, color, music, overall cleanliness of the store, etc. influence the customer response (Richardson et al. 1996). The shopper may believe that the store brands of a positively featured store may have good quality (Richardson et al. 1996). Collins-Dodd and Lindley (2003) found store atmosphere have a positive influence on store brands' quality. In addition, Richardson et al. (1996) showed that store brand quality was perceived as higher in an aesthetically attractive store than in an aesthetically unattractive one. Aesthetically attractive store were described as stores with wide aisles, creative layout, bright colors, modern fixtures, and a clean retail environment.

H4.Consumers' perceptions about the store atmosphere positively affect the perceived quality of store brands.

H5. Consumers' perceptions about the store layout positively affect the perceived quality of store brands.

As store brands are becoming more popular nowadays, the reason for this was stated as the quality of store brands (Miquel et al. 2002). This may be related to the consumer buying habits. Consumers' perception about a store may be like whatever was purchased from that store is the very best product that money can buy (Fitzell, 1992: 192). Netemeyer et al. (2003) also reported that perceived quality and perceived value for cost affects not only brand purchase but also the willingness to pay a price premium. Non-buyers and rarely buyers of store brands may be more cautious or biased against the quality of store brands compared to frequent users. The reason for not/rarely buying store brands may be because of perceiving the quality of those products lower. They may perceive store brands as lower quality products than frequent buyers. So, it is hypothesized that:

H6. The perceived quality of store brands positively affects store brand purchasing.

Buckley (Grewal et. al. 1998) found a link between store image and intention to purchase a product. Purchase intentions are used in the literature as a predictor of subsequent purchase behavior (Grewal et. al. 1998). Omar (Omar 1996) also suggested that consumers while shopping for groceries are influenced by store image. That's why it is hypothesized that:

H7. Store image positively affects customers' store brand purchasing.

Marketing literature has revealed that very little is known about the differences in factors affecting consumers' food choice and non-food choice for store brands. In this study, store image's effect on store branded products' perceived quality and consumers purchasing are also investigated in the context of food and non-food categories.

4. Methodology

4.1. Questionnaire Design

The measuring tool for store image was a self-administered questionnaire containing 19 items. The measuring scale used was a 5-point Likert scale as 1 strongly disagree and 5 strongly agree. The items considered evaluate the following factors: merchandise variety (4 items), merchandise quality (2 items), store atmosphere (9 items), store layout (2 items), service (4 items). Those items were adapted from previous store image studies (Baker et. al. 1992; Bloemer and Ruyter 1998; Chowdhury et. al. 1998; Cudmore 2000; Mazursky and Jacoby 1986; Richardson et. al. 1994; Samli et. al. 1998; Semeijn et. al. 2004). A five-point Likert scale utilized to measure store image, using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire considered additional questions concerning *perceived quality of store brands* (Compared to other brands of (product), (brand name) is of very high quality (Netemeyer, 2003)), *store brand purchasing behavior* (how often -never, rarely, sometimes, often, and always- do you buy this hypermarket's store branded products (Dick et. al. 1995)) and *product category* (food, non-food), as well as socio-demographic information (age, gender, education, income).

4.2. Sampling

The questionnaire has been administered by face-to-face on a sample of 378 Turkish consumers. Nowadays in Turkey there are an increasing number of stores esp. hypermarkets and the competition among them has never been so strong. As a result, it becomes harder for retailers to attract consumers and to differentiate their store image from the others which in turn may affect their store brands' perceived quality. The survey was conducted after the customers had finished their shopping in the hypermarket. Most of the respondents accepted to participate are average income earner and university graduates, 61 % of them are women. Table 1 provides the demographic profile of the sample in detail. Distribution of the consumers according to the usage rate of store brands is as follows: 22 % of respondents are non-buyers, 26 % rarely buyers, 36% sometimes buyers, 15 % often buyers and 0.8% of the participants always buy store brands. In addition, 27% of participants' who buy store brands preference of the store brands is food category (milk,

pulses, delicatessen, sugar, yoghurt etc.), whereas 54% of them prefer non-food (detergents, cleaning materials etc.) category.

Table1. Demographic Profile of the Sample

Demographic variables	Frequency (n)	Percentage (%)
Gender		
Female	232	61.4
Male	146	38.6
Age		
20-29	49	13.1
30-39	150	40.3
40-49	104	27.8
50 +	75	18.8
Income Level		
Low	25	6.6
Medium	307	81.2
High	46	12.2
Education Level		
High School	117	30.9
Undergraduate	152	40.2
Graduate	109	28.8

5. Analysis and Findings

Stepwise principal component factor analysis was applied to identify factors (KMO: 0.816; 2271.701, df. 171, sig.000). The factors identified as store atmosphere, merchandise variety, service, layout, merchandise quality. Three items are excluded from the analysis based on low communality values (<0.50). Their factor loadings and cronbach alpha coefficients showing their reliability are given in Table 2.
The reliability of the store image factors were found to be acceptable as given in Table 2.

Table 2. Store Image Factor Loadings

Store Image Variables	Store Atmosphere (α = 0.71)	Merchandise Variety (α = 0.78)	Service (α = 0.73)	Layout (α = 0.71)	Merchandise Quality (α = 0.65)
This store smells nice.	0.763				
Air conditioner is adapted according to weather.	0.667				
I like the music played in the store	0.653				
I like colors used in this hypermarket.	0.602				
I can find everything I need in this hypermarket		0.828			
I can find everything that I am looking for.		0.765			
I can't find the items I'm trying to find (R)		0.695			
This hypermarket has a variety of products.		0.691			
Employees are helpful			0.738		
When I have a problem employees are trying to solve sympathically			0.714		
No problems when returning items			0.702		
Sales promotions are attractive			0.634		
This hypermarket's is a nice place to shop				0.638	
I like this hypermarket's layout.				0.588	
Products are fresh					0.814
I am satisfied with the products I bought					0.790

In order to get a profile of the data, correlation matrix is given in Table 3. Most of the variables are significantly correlated, stating that the store image variables, which hypothesized to affect the perceived quality of store brands and store brand purchasing behavior, are related.

Table 3. Correlation Matrices

Variables	Mean	SD	1	2	3	4	6	7	8
1.SB purchasing behavior	2.47	1.02	1.00						
2. SB perceived quality	3.30	1.09	0.496**	1.00					
3. Merchandise variety	4.35	0.68	-0.027	0.115*	1.00				
4.Merchandise quality	4.21	0.87	0.018	0.131*	0.251**	1.00			
6. Service	4.02	0.76	0.121*	0.150**	0.261**	0.229**	1.00		
7.Store atmosphere	3.69	0.77	0.115*	0.235**	0.331**	0.266**	0.428**	1.00	
8. Layout	4.00	0.97	0.122*	0.198**	0.333**	0.335**	0.368**	0.504**	1.00

** $p<0.01$
* $p<0.05$

Multiple regression analysis was conducted to test the hypotheses. Perceived quality of store brands was regressed on the store image factors such as merchandise variety, merchandise quality, price, service, store atmosphere and layout as given in Table 4. Regression parameters revealed that store atmosphere (β = 0.227; t = 2.541) affected the perceived quality of store brands ($p<0.05$; R^2= 0.068) where as merchandise variety, merchandise quality, price, service, and layout were not ($p>0.05$). The more highly a consumer thinks of a store atmosphere the more positively she/he will evaluate store brands. According to the results given H4 supported. On the other hand, merchandise variety, merchandise quality, service, and layout were not found to influence perceived quality of store brands ($p>0.05$); H1, H2, H3, and H5 are therefore not supported by the data.

To investigate the effect of perceived quality of store brands and store image on store brand purchasing behavior regression analysis was performed. It was found that perceived quality of store brands (β = 0.505; t= 10.787; $p<0.001$) affected store brand purchasing behavior positively (R^2=0.253). As the quality of store brands increases, consumers store brand purchasing behavior also increases. Hence, consumers store brand quality perceptions about the store brands influence consumers store brands purchasing behavior in a positive sense and H5 is supported. In addition, to test the effect of store image on the consumers store brand purchasing behavior of consumers, regression analysis was performed. The effect of store image (B = 0.113; t= 2.18) on store brand purchasing was found to be significant (R^2 = 0.013; $p<0.05$) supporting H6.

Other findings of this study are about the consumers' perceptions about the category variances based on the regression analysis results. In non-food category, store atmosphere (β= 0.340; $p<0.001$) dimension of store image affected perceived quality of store brands positively (R^2 =0.094). On the other hand, in food category, the effect of store image on the perceived quality of store brands is found to be statistically non-significant. In addition, in food (β= 0.236; $p<0.01$; R^2 =0.082) and non- food (β= 0.251; $p<0.001$; R^2 =0.100;) categories, perceived quality of store brands had an influence store brand purchasing.

6. Discussion

This study contributes to the literature by illustrating that store image is a major strategic tool in the highly competitive retailing environment (Reardon and Miller, 1995). Indeed this research shows that the store image – and more particularly the store atmosphere influences perceived quality of store brands. The more positively the customers' perceptions of store atmosphere the more positively the store brands will be perceived. These findings are consistent with the literature (Richardson et. al., 1996; Michon et. al., 2004; Semeijn et. al., 2004).

This study also extends Richardson et. al. (1996)'s as paying attention on the potential variances in the quality perception in different product categories (food, non-food). Consumers are influenced by the store atmosphere in assessing non-food category of store brands. In the contrary, in the food category, store image does not affect perceived quality.

Moreover, consumers' perception about the quality of store brands is found to have an influence on their store brand purchasing. As consumers perceive store brands of quality, they purchase those products more frequently. In addition to these findings, store image does not affect store brands perceived quality and perceived quality of store brands affects purchasing behavior in food category. In non- food category store brands perceived quality is affected by store atmosphere and perceived quality affects store brand purchasing. Store image is influential for non-food whereas for food is not. This variance according to category may be because of different perceptions of risks devoted to those categories. Hence, consumers may be more open to external cues for non-food but may perceive food category more risky (i.e. performance risk) and pay more attention on its product specific cues instead of store image dimensions. Hence, store image dimensions may not overcome these risks in the food category. To reduce risks consumers most possibly will prefer national brands to store brands as quality variance increase within a product category (Semeijn et. al. 2004).

From a managerial point of view, this research has specific implications in terms of resource allocation for improvement programs of consumers' quality perceptions about store brands. This study shows the relevance of the implementation of strategies oriented to store image improvements. On our sample, it was shown that investments in store atmosphere could have a positive impact on consumers' perceptions about store brands quality. Furthermore, it was found that retailers should focus their efforts especially on store atmosphere for non-food category. Moreover, store image has a statistically significant, but a little impact on store brand purchasing. Retailers should therefore implement other marketing decisions than store image to attract new buyers of store brands, such as if possible "trial of store brands in the store" which was found to benefit the perceived quality of store brands positively (Sprott and Shimp, 2004).

7. Limitations and Suggestions for Future Research

A key limitation of this research is the measurement of perceived quality of store brands with only one item. Intrinsic (i.e. product performance, taste, smell) and extrinsic cues (package, price, brand name) could have been measured. In addition to intrinsic and extrinsic cues, other important store image dimensions that may affect perceived quality such as the store's attractiveness, involvement of the store in community programs, customer profile, and customers' general attitude towards the store could be evaluated. Participants' income and education level was mostly medium and university graduates respectively. This study can be replicated in a larger sample to generate other levels of demographic variables. In this study hypermarkets' store image was measured, future research can overcome the mentioned limitations and replicate the study by a cross cultural research or/and in other types of stores such as convenience stores, specialty stores, supermarkets. Moderating role of perceived quality of store brands on the relationship between store image and store brand purchasing may be evaluated for future research.

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