PURCHASE INTENTION DRIVERS FOR PRIVATE LABEL BRANDS IN PAKISTAN

Feryal Khan and Ansa Mehmood

Abstract

In today’s increasingly competitive marketplaces, development and management of an effective Private Label Brand (PLB) has turned into a main concern for various retailers across the world. This research’s purpose is to study the effects of store image, store brand familiarity, service quality and perceived social value on purchase intent of Private Label Brands. It also examines the mediating role of Brand loyalty towards Purchase Intention. A multivariate data analysis techniques like structural equation modeling was used on 100 valid responses collected from food retail shoppers from Lahore, the second largest metropolitan city in Pakistan. The results of the analysis supported the direct as well as indirect effects studied through mediation of Brand Loyalty on Purchase Intention for Private label brands. All four store level factors had a significantly positive relationship with brand loyalty and thus, it is imperative for managers to focus on strategies to improve store image, quality, familiarity and perceived value which will eventually have a positive and direct impact on purchase intention of PLB’s.

Keywords: Private Label Brands; Service Quality; Brand Image; Purchase Intention; Brand Loyalty, Social Value

JEL Classification: Z 000

Introduction

Private label brands (PLB), store brands or retailer brands are labels possessed by the retailers and distributors. State or national brands are produced by the manufacturers (Bao, Bao, & Sheng, 2011). These are a line of products which are sold by the retailer/distributor using a single marketing identity. These are placed in exclusive stores and sometimes in the departmental stores. They are usually priced lower than the national brands and provide consumers with a lot of variety to choose from. Private label brands or store brands are experiencing remarkable growth worldwide and are

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Private label brands (PLB), store brands or retailer brands are labels possessed by the retail—
ning even more rapidly than the manufactured brands (Beneke & Carter, 2015). Store brands are a
able and rapid means for increasing sales for retailers, because of the recent economic downturn
sumer income is decreasing which encourages retailers to sell more Private label brands to
crease their profits (Richardson, Jain, & Dick, 1996). Today, many retailers have a preference to sell
their own store products so that they can differentiate themselves and to earn higher revenues. Thus,
developing a store brand by a retailer/distributor becomes an essential strategy.

In Pakistan, the concept of private label branding is gaining popularity. Small and medium
size manufacturers and retailers focus in producing specific products lines and specialize in producing
store brands almost exclusively. Examples can be of Jalal sons, Gourmet, AL Fatahand, Shezan stores.
All these stores are selling product lines under their own brand name. Some Pakistani exporters are
now also producing commodities for private label brands locally and internationally. For certain
product classifications e.g. basmati rice, a major chunk of Pakistan’s exports to the EU consist of the
private label manufacturing. Retailers want to optimize their shelf space by keeping premium store
labels to increase their margins. Thus, this becomes an important strategy for the retailers to study and
to act upon according to consumer preferences.

Historically, the difference between the private labels and manufactured brands was
immense and customers perception of private label brands was that they were of low quality and price
(Fitzell, 1982; Goldsmith, Flynn, Goldsmith, & Stacey, 2010), but the recent studies show that
consumers now favor private label brands over national brands. Nine out of 10 American consumers
believed the private label brands to be equally good as the national brands (Deloitte, 2014). Market
shares of store brands are increasing rapidly in Europe (PLMA, 2014).

Research suggests that loyalty to Private Label brands increases the brand equity of the
companies marketing them. Studies have shown that loyal customers show repeat purchase behaviour,
willingness to disburse higher price and spread affirmative word of mouth. In sum, customer loyalty
to retailers can increase total market share and business revenue (Oliver, 1997) Therefore, it is
important to study the determining factors of consumer loyalty towards PLB’s.

The key driver of this study is to deliver better understanding of factors affecting the
purchase intention and brand loyalty so that the retailers can have useful insights to compete with
National brands. This research attempts to offer retailers with valuable insights for successfully de-
veloping and marketing their PLB programs which will lead to higher sales. The retailers will be able to
consider the positive impact of studied independent variables stated above in order to increase the
customers purchase intention, because of rising competition locally and globally as well as lower
switching costs, Customer loyalty is an important goal for retailers. This study provides insights in
retail strategy and has practical implications for retailers and distributors of PLB’s. Examining the
relationship of store image and purchase intention will be quite helpful for the sales managers in
obtaining solutions for improving the store as well as brand image of a private label brand (Faryabi,
Sadeghzadeh, & Saed, 2012). There are very few studies that consider store image and service quality together. Thus, by bringing these two variables together we will be able to study the relationship between them and consider that how store image can be improved with the help of service quality.

A lot of research in store brands is partly or fully drawn from the USA or Europe. There have been very less research done in the Asian markets (Lin, Marshall, & Dawson, 2009). Some study is being done in Asian markets but they consider few product level and consumer level factors affecting the purchase intention of consumers (Dutta & Singh, 2014; Gupta, Jain, & Parmal, 2014; Ahmad, Noor, & Che We, 2014). Thus, defining the level to which these factors impact consumers from a South Asian background is yet to be explored.

**Study objectives**

The primary aim of this study is to evaluate the factors which are considered essential while purchasing private label brands. Thus, this research’s objective is to build up a model for purchase intention of PLB’s based on the perception of service quality, social value, store image and brand familiarity of the store offering PLB’s. The importance of private label brands is increasing a lot in retail stores due to the increasing competition, differentiating the products from other retailers is becoming quite difficult. Here comes the role of private label brands as they are becoming a central approach for retailers (Mejri & Bhati, 2014). Retailers can earn high margins, consumer loyalty, store traffic, and profit-ability (Semeijn, Van Riel, & Ambrosini, 2004; Braak et al., 2013).

We intend to study the effect of various store specific variables on brand loyalty and purchase intention. Studies worldwide have shown that loyalty to PLB’s is effected by favourable store image (Steenkamp and Dekimpe, 1997) and higher perceived quality (Binninger, 2008).

**Literature Review**

**Purchase Intention**

Purchase intention, the dependent variable of this study, refers to an opportunity or likelihood of an item for consumption in the future. It is a decision-making process that consumer needs to go through for demanding, purchasing, appraising and consuming of a product or service to satisfy an impending need (Schiffman & Kanuk, 2007). Thus, if the purchase intention increases the possibility of purchasing the product also increases (Dodds, Monroe, & Grewal, 1991; Schiffman & Kanuk, 2007).

On the other hand, Wang and Huang (2007) found out that customers tend to follow what they perceive to be most effective according to them. Their purchase intention would increase when consumers believe that they get more benefits out of the product than the financial cost they incur in buying that product. Consumer’s favorable buying intent results in positive brand promise that forces
clients to make a definite purchase (Fishbein & Ajzen, 1975; Schiffman & Kanuk, 2007). Thus, purchase intention refers to “the possibility of buying a product by the consumers in the future” (Diallo, 2012; Kakkos, Trivellas, & Sdrolias, 2015).

**Store Image**

Store atmosphere and image have a strong connection with purchase intention (Rehman, Ashar, Javed, Khalid, & Nawaz, 2014). Consumers evaluation of the PLB is affected by the store’s positioning of them (Kapferer, 2008). According to Martineau (1958) “store image is the way a customer pictures the store in his/her mind, influenced by functional attributes and psychological qualities”. Devlin et al. (2003) assessed store image as the “overall attitude derived from internal and external characteristics of stores.” Vahie and Paswan (2006) established that a affirmative evaluation of store image leads to a positive influence of Purchase intention of PLB’s. Store image is measured by the variety of products and store atmosphere (Collins-Dodd & Lindley, 2003). Variety of products refer to availability of different product assortments and variations. “Store atmosphere” refers to how the customers feel about the atmosphere and interior decoration of the store. Store image can also be studied from various other perspectives of customers such as high quality, service and an overall shopping experience. High quality refers to superior quality products in the store. Service refers to the salesperson in the store are helpful and knowledgeable.

Various studies have discussed store image to be an essential element of store identification (Nevin & Houston, 1980). Store image is a significant determining factor of product quality (Dawar & Parker, 1994). Moreover, when consumers are foreign to the brand they draw on store image to judge the quality of the store brand. If the store image of a brand is positive than the consumers intention to buy will also be higher (Grewal, Krishnan, Baker, & Borin, 1998).

**Store brand familiarity**

Familiarity is considered as a key feature that impacts clients in the buying process (Bettman & Park, 1980). When clarifying the difference between private labels and national brands, product familiarity is said to be of the most important determinant (Mieres, Martin, & Gutiérrez, 2006b). Particularly, for private label brands the function and significance of familiarity plays an integral determinant in influencing buyer choice and decision making.

The concept of brand familiarity is, according to Alba and Hutchinson (1987) “numerous experiences of the brand/product by the consumers which comprise of any direct as well as indirect experiences (advertisements, word of mouth or communication with the sales personnel)”. Baker, et al. (1986) believed that familiarity is an important determinant in brand selection as it (1) increases emotional personality of a brand, (2) improves the prospect of being included in the evoked set, (3) creates affirmative impact on the PLB, and (4) encourage purchasing behaviour.
Numerous studies suggested positive association between store brand familiarity and purchase intention. Dick, Jain and Richardson (1995) stated that more familiarity with a brand/product leads to more experience and consequently better understanding of the product and its quality. Research by Richardson, Jain and Dick (1996) identified that store brand familiarity adds to the probability of purchasing a PLB while reducing external dependency, deviation in quality and potential risk of using private label brands. Therefore, customers who are familiar with a specific product category are better in recalling its information and description (Alba & Hutchinson, 1987). These conditions may lead to positive brand evaluation and quality perception (Hardesty, Carlson, & Bearden, 2002).

Thus, consumers are willing to buy store brand goods when the consumers have appositive impression of that store. A highly significant relationship has been witnessed between brand familiarity and purchase intention (Dursun, Kabadayi, Alan, & Sezen, 2011; Fen, May & Ghee, 2012).

*Perceived social value*

Study by DelVecchio (2001) stated that products of famous brands serve as a social value or status indicator. Their strong brand name injects higher social value to product’s owner, directly or indirectly. Consumers believe their social image will improve with the usage of a particular branded product. Moliner et al. (2007) debated that social dimension reflects the significance and importance produced from the social image communicated by the usage of a particular products/service. Sweeney and Soutar (2001) concluded that social value leads the consumer towards a superficial and enriched self-concept that the end user receives from the usage of the product. Therefore, in order to improve their social value consumers tend to buy branded products.

The concept of social value is accepted to be a dominant predictor of purchase intention (Chi & Kilduff, 2011), but in researches carried out in a grocery product context, it has been not common. Many studies have emphasized that customers’ intention to buy private labels is mainly determined by the perceptions of social value. In grocery products and other low value items consumers prefer to buy store brands due to its value for money. People compare the price with the benefits derived from the product. Historically private label brands were considered having low price and quality but now private labels have improved their quality and charge better price as well. Kakko, Trivellas and Sdrolias (2015) in their study concluded that consumers who perceived higher social value and believed that their image is derived from the usage of a particular product or brand they were more prone to buy private labels.

*Service quality*

Perceived quality can play a dominant role in determining customers purchase intention of PLB’s (Bao et al., 2011). Some studies have suggested a significant relationship of perceived quality with customer loyalty (Richardson et al., 1996, Bao et al., 2011). Quality is proposed as a key deter-
mining factors of brand purchase as suggested by Grewal, Krishnan, Baker, and and Borin, 1998. Zeithaml (1988) defined perceived quality as; “the consumers” global judgment of the brand or product’s overall excellence or superiority”. For an unfamiliar private label brand consumers hypothesize their image from the quality of service offered by the store. In return superior service quality may result in greater pleasure in the experience with the store (Parasuraman, Zeithaml, & Berry, 1985, Anderson, Fornell & Lehmann, 1994; Carrillat, Jaramillo & Mulki, 2009). Thus, when customers form a good evaluation of the store from their service quality offered by the store or brand, they instantaneously make a positive private label brand image. This shows that when a store delivers good service quality to their customers, they become more satisfied and contended which makes the buying process easier.

Wu, Yeh and Hasiao (2011) conducted a research which proved that if the service quality is improved than the brand image of the particular store will also improve. Lin (2005) also concluded similar outcome that good service quality results in customer contentment and reliability with the brand and also with the brand image. Various researches prove that the association between service quality and private label brand image was positive and significant (Huang, 2003; Lin, 2011)

**Brand Loyalty and its mediating role**

In this study, Brand loyalty of the customer is going to be used as a mediating variable of Purchase intention for PLB’s. Brand loyalty is extremely essential for a company’s effectiveness and profitability (Aaker, 1997). Brand loyalty has been defined as “the tendency of a consumer to be loyal to a commercial chain”. (Benito et al., 2014) and as the “attachment a customer has to a brand, reflecting how likely he will be to switching to another brand” Aaker (1991). Jacoby and Chestnut (1978) explained brand loyalty as the propensity of the buyer to consume the service or product of a specific brand again and again.

Through brand loyalty consumers are able to express their gratification with the usage of a commodity (Zehir, Sahin, Kitapci, & Ozsahin, 2011). Few studies have highlighted that brand loyalty can exist with a private label brand. Usually store brands are considered to be more price conscious. Brand loyalty occurs due to better perceived quality rather than the product’s actual price (Zehir, Sahin, Kitapci, & Ozsahin, 2011). Another study claimed that store image directly influences loyalty (Chang and Tu, 2005)

**Theoretical Framework**

We are going to consider four dimensions of the consumers perceptions towards PLB’s of a store namely perceptions of service quality of PLB store, store image, social values and PLB store familiarity as antecedents of Purchase intention of customers for Private Label Brands. The secondary objective of this research is to scrutinize the role of Brand Loyalty and its impact on Purchase inten-
tion as a mediator.

**H1:** The perceived store image has a positive effect on PLB loyalty

**H2:** Satisfaction with PLB’s store service quality level has a positive and direct effect on PLB loyalty

**H3:** Perceived Social values has a direct and positive effect on PLB loyalty

**H4:** PLB’s store brand familiarity has a direct and positive effect on PLB loyalty

**H5:** PLB loyalty has a positive and direct effect on PLB purchase intention.

![Diagram](image)

*Figure 1: Theoretical framework*

### Research Methodology

#### Collection of Data

Data collection for the hypotheses of this research was collected in December, 2015 through a structured questionnaire from respondents residing in Lahore, Pakistan. Lahore represents a high private label market share within Pakistan thus providing access to a large and relatively developed market. A convenient sample of 120 consumers, who purchase private label brands in supermarkets, hypermarkets and departmental stores, was selected for questionnaire dissemination online and in person. Many researchers used convenience sampling as a technique when any particular member of the population is unknown (Semeijn, Van Riel & Ambrosini, 2004; Zikmund and Babin, 2010). Another study conducted by Gupta, Jain and Parmal (2014) measured the consumer responses through non probability convenience sampling by choosing 100 valid responses.
A sum of 100 consumer’s responses were valid and finalized for analysis following removal of incomplete or invalid responses. 45 of the valid responses were collected from the online survey and the remaining 55 had been completed manually and returned to the researcher. All of the respondents evaluated a major retailer in Lahore along with its corresponding PLB products. The instrument had several socio-demographic questions also. Many studies use questionnaire as a research technique due to its unlimited benefits and low cost (Wu, Yeh, & Hsaio, 2011; Kakkos, Trivellas, & Sdrolias, 2015). Table 1 displays the description of the demographic factors for the study’s sample.

Table 1
Demographic profile of Respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-25</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>26-30</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>31-35</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>36-40</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Female</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Current Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Employed</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Self-Employed</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Housewife</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matriculation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Intermediate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bachelors</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Masters</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Any Other</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Monthly Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs.50,000 - 60,000</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Rs.61,000 - 70,000</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Rs.71,000 - 80,000</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Rs.81,000 and above</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

Variable measurement scales

All the scale items used in this study to measure our dependent variable (customer purchase intention, customer loyalty) and our independent variables (store image, store brand familiarity, social
values and service quality) were adapted from existing literature (Table 2). The seven point Likert scale was used with 1 representing the response “strongly disagree” and 7 being “strongly agree”. The questionnaire’s final part contained questions on socio demographic characteristics of the consumers as shown in Table 1.

Results

Analysis of the measurement model

Structural Equation Modelling technique is used to examine the measurement model and proposed technique. Confirmatory factor analysis was tested using Amos to access that whether a hypothesized model is suitable for multivariate data (Fox, 2010). All of the standardized factor loadings were shown to be significant and exceed the benchmark of 0.50 (Wu, Yeh, & Hasio, 2011), according to the Factorial analysis.

Table 2 below, shows the composite reliability coefficients and internal consistency. Reliability of constructs was tested by composite reliability as proposed by Hult et al. (2004) with the standardized solutions in Confirmatory Factor Analysis. Table 1 show that composite reliability ranges between (0.833-0.954). Reasonable reliability is found in all variables as it is higher than the cut off value 0.70 (Hair et al., 1998). As seen in table 2 Cronbach α values were found to be between 0.862 and 0.945. Average Variance Extracted lied between (0.500-0.874) which is greater than minimut cut off value of 0.5 as suggested by Fornell and Larcker, 1981. Thus, the model was recognised to be acceptable (CFI = 0.936, IFI = 0.937, TLI = 0.924, RMSEA = 0.083) and proved to be an appropriate fit an appropriate fit as suggested by Hair, Anderson, Tatham and Black, 1998. The model fits are shown in table 3.
Private Label Brand (PLB) has turned into a main concern for various retailers across the world. This rapid changing dynamics of the customer-organization relationship has made it crucial to understand the factors that influence PLB loyalty. The purpose of this research is to study the effects of store image, store brand familiarity, service quality and social values on PLB loyalty.

Systematic reviews from past literature (Rahmawati, 2013; Kakkos, Trivellas, & Sdrolias, 2015) suggest that store image has a positive effect on PLB loyalty with an estimate of 0.630. Following from antecedent relationships, this research also confirms that store image has a favourable effect on the buying intent of various retailers. This study provides insights into the role of various factors inPLB loyalty.

The study was a quantitative research using a non-probability convenience sampling method. The instrument was pretested and administered to employees of a major retailer in Lahore along with its corresponding PLB products. The instrument was validated through factor analysis. The measurement model had seven first-order factors (store image, store brand familiarity, service quality, social values, private label brands, store atmosphere and identity). The study used data collected on 100 valid responses. The factor analysis showed that all factor loadings were significant and exceeded the benchmark of 0.50 (Wu, Yeh, & Hasio, 2011). The model fit indices were evaluated as acceptable (CFI = 0.936, IFI = 0.937, TLI = 0.924, RMSEA = 0.083) and proved to be an appropriate model.

Table 2: Reliability and Convergent Validity of Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Question Item</th>
<th>Cronbach α</th>
<th>λ (F.L.)</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STORE IMAGE</strong></td>
<td>“This store provides me with variety of products.” The interior decoration of this store let me feel pleasant and comfortable.”</td>
<td>0.909</td>
<td>0.72</td>
<td>0.9</td>
<td>0.686</td>
</tr>
<tr>
<td>(Collins-Dodd &amp; Lindley, 2003)</td>
<td>“This store carries high quality merchandise.”</td>
<td>0.800</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Grewal, Krishnan, Baker, &amp; Borin, 1998)</td>
<td>“This store has helpful and knowledgeable salespeople.”</td>
<td>0.730</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Brady &amp; Cronin, 2001)</td>
<td>“This store is close to my ‘ideal’ store.”</td>
<td>0.870</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERVICE QUALITY</strong></td>
<td>“I would say that the quality of my interaction with this store’s employee is high.”</td>
<td>0.902</td>
<td>0.95</td>
<td>0.9</td>
<td>0.701</td>
</tr>
<tr>
<td>(Brady &amp; Cronin, 2001)</td>
<td>“I would rate this store’s physical environment highly”.</td>
<td>0.740</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Brady, Hensel, &amp; James, 2001)</td>
<td>“I always have an excellent experience when I visit this store.”</td>
<td>0.900</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Knight &amp; Kim, 2007)</td>
<td>“I feel good about what this store provide to its customers.”</td>
<td>0.660</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PURCHASE INTENTION</strong></td>
<td>“The probability that I would consider buying Store brands is high.” “It’s very likely that I will buy store branded product”</td>
<td>0.896</td>
<td>0.66</td>
<td>0.8</td>
<td>0.533</td>
</tr>
<tr>
<td>(Grewal, Krishnan, Baker, &amp; Borin, 1998)</td>
<td>“I will definitely try store branded products.”</td>
<td>0.820</td>
<td>0.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Bruner, Hensel, &amp; James, 2001)</td>
<td>“I plan to buy private label brand of this store more often.”</td>
<td>0.580</td>
<td>0.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Knight &amp; Kim, 2007)</td>
<td>“I would purchase Store brands next time.”</td>
<td>0.740</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SB FAMILIARITY</strong></td>
<td>“I have experienced this store branded product.” “I have knowledge about this store branded product.”</td>
<td>0.945</td>
<td>0.91</td>
<td>0.9</td>
<td>0.874</td>
</tr>
<tr>
<td>(Kent &amp; Allen, 1994)</td>
<td>“I am familiar with this store branded product.” “I would recommend this store to my friends and family.”</td>
<td>1.010</td>
<td>1.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PERCEIVED SOCIAL VALUE</strong></td>
<td>“The products of this store would help me feel acceptable.” “The products of this store would improve the way I am perceived.”</td>
<td>0.862</td>
<td>0.86</td>
<td>0.8</td>
<td>0.617</td>
</tr>
<tr>
<td>(Sweeney &amp; Soutar, 2001)</td>
<td>“The products of this store would make a good impression on other people.” “The products of this store would give me social approval.”</td>
<td>0.940</td>
<td>0.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BRAND LOYALTY</strong></td>
<td>“I would continue to repurchase from this brand.” “I would recommend this store to my friends and family.” “I would buy additional products from this brand as well.”</td>
<td>0.916</td>
<td>0.74</td>
<td>0.8</td>
<td>0.500</td>
</tr>
<tr>
<td>(Vogel, Evanschitzky, &amp; Ramaseshan, 2008; Dwivedi, Merrer, Miller, &amp; Herington, 2012)</td>
<td>“I would spend more than a year on this store brand.” “I will speak positively about store brands.”</td>
<td>0.660</td>
<td>0.66</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>0.710</td>
<td>0.71</td>
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<td></td>
<td></td>
<td>0.710</td>
<td>0.71</td>
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References


Fox, R. J. (2010).


Kakkos, Trivellas, & Sdrolias, 2015).  Consumers are not only value conscious but they also prefer to enjoy social value from the products. They believe that their social values and brand loyalty which then directly affects purchase intention as also suggested by various studies.


In today’s increasingly competitive marketplaces, development and management of an effective retail strategy has practical implications for retailers and distributors of PLB’s. Examining the willingness to disburse higher prices and spread affirmative word of mouth. In sum, customer loyalty consumers now favor private label brands over national brands. Nine out of 10 American consumers purchase intention. Studies worldwide have shown that loyalty to PLB’s is effected by favorable purchase intention of consumers (Dutta & Singh, 2014; Gupta, Jain, & Parmal, 2014; Ahmad, Noor, 2014).

**Literature Review**

Familiarity is said to be of the most important determinant (Mieres, Martin, & Gutiérrez, 2006b). The customers feel about the atmosphere and interior decoration of the store. Store image can also be by the variety of products and store atmosphere (Collins-Dodd & Lindley, 2003). Variety of products Perceived quality can play a dominant role in determining customers purchase intention of a particular product or brand they are more prone to buy private labels. Store brand familiarity one of the important determining factors in the process of decision to purchase. Store image was seen to have a positive (β=0.076) and significant effect on PLB loyalty and hence, it supports H1. The independent variable Service quality holds a favorable and highly significant relationship with PLB loyalty with an estimate of 0.630. Following from antecedent relationships: social value and SB familiarity has a positive and highly significant relationship with PLB loyalty, Social value (β=0.239) and SB familiarity (β=0.108), hence supporting H3 andH4. PLB loyalty and purchase intention are positively related (β=0.841) and highly significant, hence H5 is also accepted. Thus, to increase the consumers’ PLB loyalty and hence purchase intention of a PLB, the store needs to improve its store image, service quality, and social value and SB familiarity.

**Table 3**

*Model fit indices*

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$</td>
<td>500.351</td>
</tr>
<tr>
<td>DF</td>
<td>297</td>
</tr>
<tr>
<td>P</td>
<td>***</td>
</tr>
<tr>
<td>GFI</td>
<td>0.754</td>
</tr>
<tr>
<td>RMR</td>
<td>0.096</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.083</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.687</td>
</tr>
<tr>
<td>NFI</td>
<td>0.858</td>
</tr>
<tr>
<td>IFI</td>
<td>0.937</td>
</tr>
<tr>
<td>TLI</td>
<td>0.924</td>
</tr>
<tr>
<td>CFI</td>
<td>0.936</td>
</tr>
</tbody>
</table>

**Structural model Analysis**

The hypothesized structural model was tested in Amos 18 after the results of measurement models were analyzed. Path analysis helps to state arrangements of relationships whether a variable has a direct or indirect effect on another variable. Table 4 below, reviews the outcomes of the structural model. Parameters estimates are measuring the magnitude and sign of the link among the variables. The research Hypotheses according to the results are thus accepted.
In today’s increasingly competitive marketplaces, development and management of an effective strategy is essential for businesses to thrive. The key driver of this study is to deliver better understanding of factors affecting the intention of PLB’s based on the perception of service quality, social value, store image and brand loyalty. The concept of social value is accepted to be a dominant predictor of purchase intention (Chi et al., 2001). Social value represents the perception of the benefits derived, such as the quality of the product, the service offered and the store’s reputation (Schiffman & Kanuk, 2010). Therefore, in order to improve their social value consumers tend to buy branded products. Store brand familiarity refers to the recognition of store brands, which is an important aspect of store brand management (Berg, 2014). Store brand familiarity is formed by repeated experiences and purchase histories (Bruner, Hensel, & James, 2005). Marketing communication also plays an essential role in familiarizing consumers with store brands (Chang & Tu, 2005).

Switching costs, Customer loyalty is an important goal for retailers. This study provides insights into how consumers perceive and evaluate store brands in Pakistan. On the other hand, Wang and Huang (2007) found out that customers tend to follow what others think. This study also focused on the psychological aspects of private label brands. Therefore, customers who are familiar with a specific product category are better in making purchase decisions. Service quality and store image are important determinants of brand loyalty. Service quality is considered a key element driving consumer satisfaction and purchase intention (Parasuraman, Zeithaml, & Berry, 1985). The quality of service provided by the store positively affects the brand image. A higher level of service quality means a better brand image. Social value and brand loyalty which then directly affects purchase intention as also suggested by Fen, May & Ghee, 2012). This study’s findings help us to conclude that consumers prefer familiar brands.

Table 4

The Structural Model summary findings

<table>
<thead>
<tr>
<th>Hypothesized paths</th>
<th>Sign</th>
<th>Estimate</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Store Image → PLB Loyalty</td>
<td>+</td>
<td>0.076</td>
<td>*</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: Service Quality → PLB Loyalty</td>
<td>+</td>
<td>0.630</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: Social value → PLB Loyalty</td>
<td>+</td>
<td>0.239</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: SB Familiarity → PLB Loyalty</td>
<td>+</td>
<td>0.108</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H5: PLB Loyalty → Purchase Intension</td>
<td>+</td>
<td>0.841</td>
<td>***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Mediation effects

Mediating effects between variables are tested using bootstrap in Amos 18. Mediation by PLB loyalty is studied on (store image, service quality, social value and SB familiarity) and purchase intention. The results are shown in the Table 5.

Store image and purchase intention has a direct relationship and in presence of PLB loyalty their relationship is not significant which means that PLB loyalty completely mediates the relationship between store image and purchase intention. Similarly, social value and purchase intention are completely mediated by PLB loyalty. Service quality and purchase intention has a significant direct relationship but their indirect relationship is not significant which means no mediation occurs between service quality and purchase intention. Similarly, PLB loyalty doesn’t act as a mediator between SB familiarity and purchase intention.
Table 5

Results of mediation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct (without mediation)</th>
<th>Indirect (with mediation)</th>
<th>Direct (with mediation)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: SI → PLB Loyalty → PI</td>
<td>0.653**</td>
<td>0.553*</td>
<td>0.279ns</td>
<td>Full Mediation</td>
</tr>
<tr>
<td>H2: SQ → PLB Loyalty → PI</td>
<td>0.788***</td>
<td>0.021ns</td>
<td>0.795***</td>
<td>No mediation</td>
</tr>
<tr>
<td>H3: SV → PLB Loyalty → PI</td>
<td>0.346***</td>
<td>0.235*</td>
<td>0.194ns</td>
<td>Full Mediation</td>
</tr>
<tr>
<td>H4: SB Fam → PLB Loyalty → PI</td>
<td>0.898***</td>
<td>0.116 ns</td>
<td>0.797***</td>
<td>No mediation</td>
</tr>
</tbody>
</table>

P > 0.05 ns P < 0.05 * P < 0.01** P < 0.001***
The rapidly changing dynamics of the customer-organization relationship has made it crucial for retailers and managers to assess the factors that determine purchase intention of consumers. The study’s main purpose was to study the impact of a set of determinant factors that may increase brand loyalty of customers for PLB’s which in turn may have a positive link with consumers’ Purchase intention. To explore these impacts, five hypotheses were developed and tested empirically. Results revealed that store image, brand familiarity, value consciousness and perceived quality had direct positive impact on PLB loyalty.

This research also confirms that store image has a favourable effect on the buying intent of private label brands. If the image of PLB store in the mind sets of people is positive and the chances for them to buy from this store will be higher. Moreover, when consumers have not purchased the brand before, than store image is used as one of the most important queues often, for evaluating the image of a private label brand.

The study results also confirm that Store brand familiarity affects the brand loyalty and consumers purchase intention positively as reported earlier (Dursun, Kabadayi, Alan, & Sezen, 2011; Fen, May & Ghee, 2012). This study’s findings help us conclude that consumers prefer familiar brands as they are associated with a well-reputed manufacturer rather than unfamiliar brands, making store brand familiarity one of the important determining factors in the process of decision to purchase. If consumers are familiar with store and they have a past experience with the store and its products, then their loyalty is likely to have developed and they will purchase the store brands.

Another important finding of this study was that there is a positive association between social values and brand loyalty which then directly affects purchase intention as also suggested by past literature (Rahmawati, 2013; Kakkos, Trivellas, & Sdrolias, 2015). Consumers are not only value conscious but they also prefer to enjoy social value from the products. They believe that their social image is derived from the product or brand that they will use. Research by various authors proved that consumers who perceived higher social value and believed that their image is derived from the usage of a particular product or brand they were more prone to buy private labels.

We also tested whether service quality acts as a predictor for consumers to purchase private label brands, as also suggested by past studies (Ahmad, Noor, & Che, 2014). This research concluded that service quality provided by the store positively affects the brand image. A higher level of service can help the retailers to have a competitive edge and outperform other retailers. Service levels not only improves brand image of the store but also helps in building relationships with customers. If a good quality of service is provided to the customer than not only their brand loyalty will increase but they will also start trusting the brand and then ultimately have a higher purchase intention.
This study also proposed that service quality has a direct and indirect effect on the purchase intention of the consumers. It was found that better service quality can lead to higher brand loyalty.

Based on previous research, a strong link was expected between loyalty and purchase intention of consumers for PLB’s (Zehir, Sahin, kitapci & Ozsahin, 2011). The consumers will return to buy the products if they were satisfied with their earlier purchase decision, thus becoming brand loyal and will think about purchasing it again. Brand loyalty had a partially mediating role in this study. Its mediation had a significant impact for relationship between store image and value consciousness with purchase intention. Contrary to our expectations, service quality and store brand familiarity had a direct relationship with Purchase intention with mediation links not supported for brand loyalty.

This study’s findings provide useful insight for marketing managers and retailers and they should centre their marketing efforts towards improving the store service quality and image in order to have a higher purchase rate leading to higher profitability from their store brand portfolio. Customer loyalty is an important goal for managers as the switching costs have decreased and the competition has increased. Therefore, there is a need for customer-centred marketing efforts for example, introduction of loyalty cards and various merchandising activities to enhance PLB’s image.

Limitations of the Study

This study has a few limitations, which can be accounted for future research. This study was carried out in Pakistan which can hinder the generalizability of this study’s results to other countries. Other countries as well as differences amongst consumer groups should also be considered for further investigation of loyalty towards PLB’s. This study undertook a limited number of possible antecedents, which represent a partial picture. More antecedents for e.g. pricing, assortment, and trust in retailer should also be studied in order to provide a more detailed explanation of Purchase intention and Customer loyalty.

References


Kent, R. J. & Allen, C. T. (1994). Competitive Interference Effects in Consumer Memory for Adver-
Private Label Brand (PLB) has turned into a main concern for various retailers across the world. In today's increasingly competitive marketplaces, development and management of an effective brand image is crucial for retailers to remain competitive. This is particularly relevant in the context of private label brands, which are becoming more popular among consumers due to their lower prices and perceived quality. 

According to the study conducted by Faryabi, National brands are now also producing commodities for private label brands locally and internationally. For certain size manufacturers and retailers, focus is on producing specific product lines and specializing in producing reliable and rapid means for increasing sales for retailers, because of the recent economic downturn. 

On the other hand, Wang and Huang (2007) found out that customers tend to follow what consumers believe that they get more benefits out of the product than the financial cost they incur in purchase intention. Studies worldwide have shown that loyalty to PLB's is affected by favourable store image (Steenkamp and Dekimpe, 1997) and higher perceived quality (Binninger, 2008). 

Many studies have emphasized that customers' intention to buy private labels is mainly determined by familiarity of the store offering PLB's, service quality, social values and SB familiarity. Sdrolias (2015) in their study concluded that consumers who perceived higher social value and service quality were more likely to purchase a private label brand. 

A study by Dutta & Singh (2014), Gupta, Jain, & Parmal (2014) and Ahmad, Noor, (2016) showed that purchase intention of consumers (Dutta & Singh, 2014; Gupta, Jain, & Parmal, 2014; Ahmad, Noor, 2016) is affected by store brand loyalty and purchase intention are positively related (β=0.841) and highly significant, hence H5 is also shown in table 3. 

Results of mediation show the importance of private label brands is increasing a lot in the Asian markets (Lin, Marshall, & Dawson, 2009). Some study is being done in the Asian markets. 

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