Factors Influencing Consumers’ Willingness to Purchase Private Label Brand in Klang Valley

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Abstract: Although Private Label Brands (PLBs) have been available in Asia for over a quarter century, their rise has been modest. Consumers preferences towards branded product produced by manufacturer has dominated consumers preferences over the year. The pandemic situation and rise in inflation may change consumers behaviour towards branded products moving to patronizing PLBs. This study was conducted during pandemic hoping to understand consumers purchase intention towards Private label brand. The goal of this research is to figure out what elements influence consumers' propensity to buy Private Label Brands (PLBs) in Klang Valley, Malaysia, providing more input to hypermarkets and retailer with PLBs product to strengthen their brand image and profit. Five independent variables were tested, which includes perceived price, perceived quality, perceived risk, perceived value, and store image. In this research project, a quantitative survey was conducted. A total of 203 questionnaire were collected from consumers in Klang Valley hypermarkets. Results showed that price and perceive risk have no impact on the willingness of consumers to purchase PLBs with p while store image has the highest effects on consumers’ willingness to purchase PLBs.

Key-Words: Private label brand, Perceived risk, perceived quality, perceived value, store image, price.

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1 Introduction

Half of today’s generation grew up in a world dominated by manufacturer brands. Brand like Coca Cola, Nike, Maggi, Mc Donald, has become synonym to consumers, and are also referred to as national brand as it was founded at a specific country. Few factors relate to consumer loyalty to manufacturer brands are quality, usability, feel, experience, promotions, and events. However, there is evident showing, national brands are now being threatened by private labels Brands (PLBs)\[4]. PLBs is defined as a store or retailer own brands, internal brands as well as self-labels\[5]. It was first introduced to the United States one hundred years ago\[6]. The initial concept of PLBs has been started by a well-known supermarket chain and they grew their PLBs businesses at the great extent of brands, items, and merchandise. PLBs brand has the ability to influence customer satisfaction leading to better loyalty\[6].

Most of the Asian shoppers are still unfamiliar and uncertain with private label products, Asian prefer to buy well-known brands shown on television because of fear wasting money buying an unfamiliar brand\[7]. Study showed 65% of Japanese and Malaysian shoppers disagree with a statement that, private label can be a good replacement to national brand goods \[6]. Often PLBs is viewed as low in quality, unappealing in look, and off-putting in comparative store image, customer value\[7], in-store promotion, value merchandising, store image, customer value\[14] have been studied\[12]\[13]. In the context of PLBs factors such as brand image, price, product quality and perceived value\[13], in-store promotion, value merchandising, store image, customer value\[14] have been studied and showed an important role for consumer’s buying decisions towards PLBs. However, it is worth to also understand other variables such as perceived risk, which explain the chances of loosing benefits or value for choosing PLBs over other Brands.

2 Literature review

2.1 Purchase Intention

Consumer behaviour and purchase intention is one of the complex areas that deserve on going attention. Its complexity is referred to the consumers complexity itself such as personality, value held, attitude, preferences, and perceptions. In this study we define customer willingness to purchase PLBs as their intention to purchase PLBs. Purchase intention involve set of decision-making process, that resulted in purchase behaviour which, indicates likelihood that consumers will plan or be willing to purchase a certain product or service in the future \[9]. Theory of Planned Behaviour (TPB) was introduced by Ajzen, to explain the inexplicable purchasing behaviour among consumers in many research investigations including PLBs product purchase intention \[10].

Nguyen et al. (2020) has carried out research to understand consumers attitude and its influence on purchase intention, the researcher postulate that green product purchase intention is positively influenced by the attitude of buying green products and altruism towards the product \[11]. It was concluded that consumer purchase intentions are higher if consumer attitudes are more positive towards functional food product \[12]. In the context of PLBs factors such as brand image, price, product quality and perceived value \[13], in-store promotion, value merchandising, store image, customer value \[14] have been studied and showed an important role for consumer’s buying decisions towards PLBs. However, it is worth to also understand other variables such as perceived risk, which explain the chances of loosing benefits or value for choosing PLBs over other Brands.

2.2 Perceived Price

Price is considered as one of the most important attributes in consumer’s choice. Price consciousness has been broadly used to refer to consumer perception about price \[15]. Price can be viewed from two dimensions, the objective price, which is the real amount a consumer pays for a product, and the perceived price, which is the price set by the consumer \[16].

Consumers often relate higher price to a more quality, value added product. As a consequences of customers attitude to judge product quality and assuming that lower-priced items are of lower quality,
price is often used to understand its effects to purchase intention. People buy goods based on a pricing scale, with higher-quality products costing more and lower-quality products costing less [17]. Hence the first hypothesis was identified below:

H₁: There is a positive relationship between perceived price and consumer’s willingness to purchase private label brands.

2.3 Perceived Quality

Quality is often used as a method to evaluate a product’s overall performance. Kotler and Keller (2021) postulate that in creating product competitive advantage, companies must create products or services following the values expected by consumers [18]. Various research can be found done by various author to understand the relationship between perceived quality and purchasing decisions, all these studies found the relationships to be positive [19] [20]. In the literature, there is a well-established link between consumer willingness and PLB perceived quality, with many scholars claiming a positive relationship between the two [21]. Accordingly, we propose the following:

H₂: There is a positive relationship between perceived quality and consumer’s willingness to purchase private label brands.

2.4 Perceived Risk

Perceived risk can be defined as uncertainty phenomenon encountered by the customers in the purchasing process due to their wrong or unsuitable decisions resulted from their subjective assessments in the decision-making process [22]. In the context of consumer behavior, the term “perceived risk,” is explains as consumer’s perceptions of uncertainties and unfavourable consequences related to the buying of products or services [23] which leads to dissatisfaction.

The perceived risk theory is expandable to almost all kinds of consumer products and services. Perceived risk research demonstrates that, the theory can be successfully applied to a wide range of consumer product categories, including online shopping [24] and travel industry [25]. The third hypothesis was proposed:

H₃: There is a positive relationship between perceived risks and consumer’s willingness to purchase private label brands.

2.5 Perceived Value

Customer perceived value is the customer’s evaluation of all the benefits and the cost of an offering [26] which consequently influence customer decision process, hence effecting customer purchase decision. Number of studies has indicated that perceived value was a precursor of purchase intention, when customer feels the value, they perceived is worth than the cost they paid, it moves customer to make a purchase.

Prior research also showed that perceived value was a crucial antecedent of brand preference [27], which suggest that consumers choose to purchase a specific brand based on how they believe the brand have specific value or bring benefits. Besides, some prior empirical research revealed that perceived value had a positive influence on purchase intention [28]. Perceived value was found to mediated three relationships: (1) PLB perceived functional risk on PLB purchase intention; (2) PLB perceived financial risk on PLB purchase intention; and (3) PLB perceived social risk on PLB purchase intention [29] and serves as a mediating factor between time-limited pressure and purchase intention [30]. To understand the concept of perceived value thoroughly in PLBs purchasing behaviors, below hypothesis was hypothesize:

H₄: There is a positive relationship between perceived value and consumer’s willingness to purchase private label brands.

2.6 Store Image

Store image is the way in which the store is characterized in the consumer’s mind, partly by functional aspects and partly by an aura of psychological attributes. The relationship between store image and customer value are positive, it was found that, consumers will experience added value felt when buying products in stores that have a positive image [31].

The effects of positive store image will also directly and indirectly influence brand loyalty which is mediated by customer value. Recent studies also showed that store image, has directly affect customer value and purchase intention. Thus, it can be said that a better store image had a beneficial impact on PLBs’ perception of quality. Below hypothesis was recommended

H₅: There is a positive relationship between store image and consumer’s willingness to purchase private label brands.
3. Methodology
Using a quantitative research method, a set of questionnaires was designed and used throughout this study. The questionnaire is divided into three sections: Sections A and B are for investigating variables, while Section C is for nominal data, which will show the demographic settings of the target group.

The sample of this research study were the consumers of the three major hypermarkets in Klang Valley: (1) Lotus (2) Giant, and (3) AEON. A hypermarket is a large retail outlet that sells large number and variety of goods under one roof at discounted rates while a supermarket is an extensive shopping where customers purchase different products under one roof at market rates. Supermarkets seek to enhance profits by persuading customers to spend more money on their products through professional marketing, whereas hypermarkets seek to help customers save money by selling goods at reduced prices.

For the purpose of this study the residents of the Klang Valley were chosen to generalize the pattern behavior of consumers in purchasing PLBs for two reasons (1) Klang Valley has the greatest number of Hypermarket in Malaysia, (2) Hypermarket is the most visited shopping place. A total of 203 sets of questionnaires have been issued and all return questionnaire sets have been completed and analyze in this research project.

4. Discussion of Results
The general characteristics of respondents who participated in this research study were analyzed. From a total of 203 respondents, 38.4% are male while 61.6% are female. The results show that 44.3% of respondents belong to the age group of 40 years and above, follows by 35-39 years (22.2%), 30-34 years (17.2%), 25-29 years (6.4%), 18-24 years (7.4%), and less than 18 years (2.5%). The results also indicate that 19.7% of respondents are single, 75.9% are married, while 4.4% are divorced. From the survey, 42.4 % of respondent represent post graduate degree; 27.6% of respondents hold a recognized university undergraduate degree; 23.2% hold a college diploma; 4.4% respondent from secondary school; 2.0 % from other (master) while the rest of 0.5% represent primary school students. Furthermore, the results show that 43.3% of respondents are employed in private sector, followed by government servants (30%), students (12.3%) self-employed (10.3%), and housewife (3.9%).

4.1 Reliability Test and Results
The reliability test is used to measure the stability and consistency of the instruments in measuring variables. Based on table 4.1, all 51 items of the considered variables have internal consistency reliability since their respective Cronbach’s alpha values surpassed the threshold criterion of 0.70 and have high value of Cronbach’s Alpha (> 0.90). Thus, all the variables in this study were considered as valid.

Table 4.1 Summary of Cronbach’s Alpha Values

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>0.950</td>
<td>8</td>
</tr>
<tr>
<td>Quality</td>
<td>0.953</td>
<td>8</td>
</tr>
<tr>
<td>Risk</td>
<td>0.909</td>
<td>7</td>
</tr>
<tr>
<td>Value</td>
<td>0.950</td>
<td>6</td>
</tr>
<tr>
<td>Store Image</td>
<td>0.977</td>
<td>16</td>
</tr>
<tr>
<td>Willingness to purchase</td>
<td>0.953</td>
<td>6</td>
</tr>
</tbody>
</table>

4.2 Correlation Analysis
Correlation analysis is used to assess the strength and direction of the linear relationship between two continuous variables.

Table 4.2 Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willingness to purchase PLBs</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>0.355**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>0.532**</td>
<td>0.014**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>0.298**</td>
<td>0.314**</td>
<td>0.332**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>0.059**</td>
<td>0.782**</td>
<td>0.778**</td>
<td>0.413**</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Store Image</td>
<td>0.778**</td>
<td>0.654**</td>
<td>0.659**</td>
<td>0.382**</td>
<td>0.744**</td>
<td>-</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)**

The outcome as indicated in Table 4.2 shows all variables have positive correlations and statistically
significant at the p < 0.01. Coefficient correlation among all the variables ranged from $r = 0.298$ (p <0.01) to $r =0.814$ (p<0.01). The correlation between price and willingness to purchase PLBs ($r=0.565$, p<0.01), quality and willingness to purchase PLBs ($r=0.582$, p<0.01), value and willingness to purchase PLBs ($r=0.669$, p<0.01), store image and willingness to purchase PLBs ($r=0.778$, p<0.01) were considered large, suggesting quite a strong relationship between each other. While correlation between risk and willingness to purchase PLBs ($r=0.298$, p<0.01) was considered small, suggesting weak relationship between both. Thus, it can be concluded that all the variables have significant and positive relationships among each other.

Even though the correlation among most of the variables were significant, the strength of the correlations was well below 0.90, thus, indicating there is no serious multicollinearity problems between the correlations of all the variables.

### 4.3 Regression Coefficients

All five independent variables were utilised in multiple regression analysis. The investigation was done to understand the link between willingness to purchase PLBs and a set of independent variables. This analysis helps to explain how well a set of variables can predict a specific outcome. The value of $R$ square is 0.628, indicates 62.8% of variance in price, quality, risk, value, and store image, this explains the willingness to purchase PLBs. Referring to rule of thumbs, the remaining 37.2% cannot be explained by regression analysis. It could be inferred here that there are other factors that could have influence on the willingness to purchase PLBs. Hence it is suggested that, an increase in independent variables will increase the probability of higher willingness to purchase PLBs.

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$ Square</th>
<th>Adjusted $R$</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.792</td>
<td>0.628</td>
<td>0.618</td>
<td>0.955</td>
</tr>
</tbody>
</table>

#### a. Predictors: (Constant), Store image, Risk, Quality, Price, Value

| Dependent Variable: Willingness to purchase PLBs |

#### 4.4 Coefficient Analysis

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>$B$</th>
<th>Standard error</th>
<th>$t$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.734</td>
<td>0.272</td>
<td>2.695</td>
<td>0.008</td>
</tr>
<tr>
<td>Price</td>
<td>-0.064</td>
<td>0.080</td>
<td>-0.067</td>
<td>-0.801</td>
</tr>
<tr>
<td>Quality</td>
<td>0.191</td>
<td>0.081</td>
<td>0.091</td>
<td>1.123</td>
</tr>
<tr>
<td>Risk</td>
<td>-0.033</td>
<td>0.058</td>
<td>-0.032</td>
<td>-0.568</td>
</tr>
<tr>
<td>Value</td>
<td>0.184</td>
<td>0.084</td>
<td>0.198</td>
<td>2.280</td>
</tr>
<tr>
<td>Store image</td>
<td>0.060</td>
<td>0.067</td>
<td>0.629</td>
<td>0.948</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Willingness to purchase PLBs

To compare the different variables, it is important to look at standardized coefficients. This study interested in comparing the contribution of each independent variable, therefore we use beta value. Largest beta value (by ignoring any negative signs out the front) means the variable makes the strongest unique contribution to explain the dependent variable (Pallant, 2013). Based on table 4.4, the largest beta value denoted by store image (0.629) followed by value (0.198) with Sig. value less than 0.05. This means variable store image and value make the significant strongest unique contribution to explain the willingness to purchase PLBs. Meanwhile, beta for quality (0.091), price (0.067) and risk (0.032) are slightly less then store image and with the Sig. value more than 0.05. This indicates quality,

### Table 4.3 Model Summary
price and risk are non-significant in explaining the willingness to purchase PLBs.

4.5 Assessment of Hypotheses

H\(_1\): There is relationship between perceived price and consumer’s willingness to purchase private label brands.

With a beta value of -0.067 at p>0.05, the results show that there is no association between perceived price and willingness to purchase PLBs products in a Klang Valley. As a result, H\(_1\) is not accepted, and it may be stated that consumers' propensity to acquire PLBs may not significantly influenced by perceived price.

H\(_2\): There is relationship between perceived quality and consumer’s willingness to purchase private label brands.

With a beta value of 0.091 at p>0.05, the results show a positive association between perceived quality and willingness to purchase PLBs products in a Klang Valley. As a result, H\(_2\) is accepted, and it may be stated that consumers' propensity to acquire PLBs may significantly influenced by perceived quality.

H\(_3\): There is relationship between perceive risk and consumer’s willingness to purchase private label brands.

With a beta value of -0.032 at p>0.05, the results show a no association between perceived risk and willingness to purchase PLBs products in a Klang Valley. As a result, H\(_3\) is not accepted, and it may be stated that consumers' propensity to acquire PLBs may not significantly influenced by perceived risk.

H\(_4\): There is relationship between perceived value and consumer’s willingness to purchase private label brands.

With a beta value of 0.198 at p<0.05, the results show a positive association between perceived value and willingness to purchase PLBs products in a Klang Valley. As a result, H\(_4\) is accepted, and it may be stated that consumers' propensity to acquire PLBs may significantly influenced by perceived value.

H\(_5\): There is a relationship between store image and consumer’s willingness to purchase private label brands.

With a beta value of 0.629 at p<0.05, the results show a significant positive association between store image and willingness to purchase PLBs products in a Klang Valley. As a result, H\(_5\) is accepted, and it may be stated that consumers' propensity to acquire PLBs may significantly influenced by store image of the retailers.

In this research five variables were studied perceived price, perceived quality, perceived risk, perceived value, and store image and its relation to consumer’s willingness to purchase PLBs in Klang Valley. Klang Valley has been chosen as a studied area because of intense numbers of residents in the area. Thus, it may represent the Malaysian buying behavior.

Based on the findings, perceived quality, perceived value, and store image have positive relationship on consumer’s willingness to purchase PLBs. However, perceived price and perceived risk have negative relationship on consumer’s willingness to purchase PLBs. The negative signs show the direction of the association rather than the strength of the relationship between variables, suggesting that price and risk are not the factors that will influence consumers to make PLBs purchase.

Perceived price, perceived quality, and shop image all appeared to be major determinants of consumers' propensity to purchase PLBs, which is consistent with previous research. One of the most noteworthy outcomes of this study is that shop image has the greatest impact on consumers' propensity to buy PLBs. As a result, retailers should work on creating a favorable store image to attract more customers and increase PLB sales.

5. Limitations of the Study

In any research study they will be some limitations, which provide potential avenue for further research. First and foremost, this research is purely based on customer
perceptions on PLBs in general. Because customers are unique their responses may differ across various dimension, such as cultural differences, geographical location, income, types of PLBs and the list does not stop here.

Secondly, the sample size could be extended to increase representation of the whole population. Hence increase acceptance of the study.

6. Conclusion and Recommendations for Future Research

The findings of this study indicate a positive significant effect of perceives quality, perceived value, and store image on consumers’ willingness to purchase PLBs in Klang Valley. Among these three factors, store image has a much higher effect. Hence, the result suggests that supermarket selling PLBs product should increase their effort in improving their store image, giving better enhance value and produce positive feeling towards the store. This will eventually affect consumers to make purchase and develop sense of loyalty.

Perceived price and risk on the other hand has no significant effect to purchasing behaviour. Price has always been significant, however since the data is based on consumers’ price perception towards PLBs sold at hypermarket, the effects has been negative. Hypermarket is selling its products at a lower price; hence consumers may perceive price tag for PLBs at hypermarket is always low. Risk has been viewed as less important, this results perhaps due to return policy or lower price of PLBs sold at hypermarket.

Category or types of PLBs products, economic condition, geographical and generation differences are among the factors must be considered in conducting future research. As this research project is limited in Klang Valley, future study should be done to broaden and encompass a broader geographic area. Different types of PLBs product should also be considered.

Only quantitative analysis was used to uncover the phenomenon in this research study. Future research should also consider, qualitative or mix method, to better understand and clarify consumer wants and viewpoints.

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Author Contributions

Djasriza Jasin carried the write up of the research.
Aizat Khairi carried out the formation of research framework.
Hanifah Moksin carried out data analysis.
Hanita Sarah carried out the data collection and research editing.
Rammilah Hansaram carried out the data collection and research editing.

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