

The Role Of Retail Image And Customer Trust On Purchase Intention Of Private Label Product

Eri Besra, Dwi Kartini, Meydia Hasan

Abstract: This study aims to assess the effect of the image of the retail and consumer trust in buying interest private label products. The study was conducted on 346 retail consumers who buy private label products in Bandung, Indonesia. Sampling technique used is proportional random sampling. Survey methods used to obtain primary data by distributing questionnaires. In deep interviews were conducted to strengthen the finding. Data was analyzed by structural equation modeling. The model showed a significant effect of retail image on customer trust of private label products. A significant difference between the retail image and purchase intention of private label products and significant relationship between consumer trust and purchase intention of private label products.

Keywords: Retail Image, Customer Trust, Purchase Intention, Private Label.

1 INTRODUCTION

Indonesia is a developing country which has a population 255 billion in 2015. Data from the Market Analysis Report (Canada) (2012) in the ASEAN states that the Indonesian consumer spending in 2010 on food and non-alcoholic beverages was highest in the amount of US \$ 130.2 billion, followed by Thailand at US \$ 63.6 billion. In modern retail formats, the highest sales in the State Thailand and Indonesia. Private label products more acceptable to consumers at the time of economic crisis, because of the quality of goods is lower than branded products. In Indonesia, private label products is accepted as a product with a lower quality. Nevertheless, the estimated sales of private label products in Indonesia is growing faster than other common products. Emerging private label made by retail to gain, in addition to building his own image. It is seen from the phenomenon that every modern retail selling private label products. It is also supported by government regulations require that every modern retail to sell superior products and SMEs which are produced in Indonesia. Indonesian consumers are less interested in the private label products, where the average sale of this product compared with product manufacturing is 2:10. Therefore it required an effort to build consumer buying interest towards private label products of this. This research is important because the increase in consumer buying interest towards private label products has increased the productivity of resources in Indonesia, particularly employment.

2. Literature Review

2.1. Private Label

Private label is also known as store brands, own brands, retailer brands, brands and wholesale distributor's own brands (Dursun et al, 2011). Private label is a name that was designed by a wholesaler or retailer and supervised better, not sold by the retailer and direct rival customer loyalty.

- Student of Doctoral Degree at Economic and Business Faculty of Padjadjaran University, Bandung, Indonesia, E-mail: eri_besra@yahoo.co.id, and Lecturer at Faculty of Economics, Management Departement, Andalas University, Padang, Indonesia.
- Lecturers at Faculty of Economic and Business, Padjadjaran University, Bandung, Indonesia.

According to Kotler & Keller (2012), is a private label brand developed by retailers or wholesalers. The reason many retailers offer private label is the first private label is more profitable because it produces a low cost. Both retailers to develop private label to differentiate themselves with the competitors. Private label products can be in the form of all kinds of goods, including goods of daily needs (convenience goods). The convenience of private label products can be divided into two categories, namely food and nonfood. Categories of food for example rice, cooking oil, sugar, a variety of snacks, and mineral water. Nonfood category e.g. beauty wipes, toilet paper, cotton beauty, and cuttonbud.

2.2. Purchase Intention

Interests of consumers buy private label products is the beginning of the consumer purchase decision. Buying interest was an attempt to buy a product or visit a store that offers services (Shao et al., 2004). While Wu et al., (2011) stated that buying interest represents the probability that consumers plan or will buy a product or service in the future. Correspondingly Rahman et al. (2012) found interest in buying a subjective assessment by consumers who happen after the general evaluation to buy a product or service. Where the buying interest include:

- The willingness of consumers to consider buying
- Intention to buy in the future
- The decision to buy back

Interest in buying the product is not yet realized the purchase activity. This study used a buying interest in accordance with the dimensions proposed by Rahman et al. (2012), which is considering buying a product, the intention to buy the product and the decision to buy back. Consumer interest will be seen from the consideration of the convenience of consumers to buy private label products, consumers intend to buy convenience products private label and decided to purchase private label products convenience.

2.3. Retail Image

Retail Image is formed in a long time in the minds of consumers. After the consumer to interact with the retailer and experience a lot of experience in the transaction. Image is something vague, abstract (cannot see), cannot be felt or touched, and the phenomenon can hardly be measured (Wu et al., 2011). Consumer behavior towards the retailer in question, such as telling friends about his experience in a retail shop, recommend to shop at retail and others. Retail image

understood also as a different interpretation because it deals with the situation and the experience of the areas that are not the same. Retail image is the mental framework of how to direct consumers to keep their opinions or thoughts on a retail and feel confident with its opinion (Orth & Green, 2009). Retail image can establish trust and increase customer loyalty towards the retailer, making the image of the store as a result to increase consumer and maintain it. Retail image that positively influence consumers to buy products and services offered by the retailer, (Grewal et al., 1998; Wu et al., 2011; Bao et al., 2011; Diallo, 2012). Collins, Dodd & Lindley (2003), uses the term image of the store (store image) is formed of dimensions: product variety (type of product), product quality (product quality), price (the price), value for money (value/benefit of money) and store atmosphere (the retail environment). Product variety evaluation refers to the consumers about the diversity of the types of products offered by retail, product quality refers to the evaluation of consumers regarding the quality of the product, the consumer price refers to the consideration of mercy price of the product, value for money refers to consumers' consideration of the relationship between the value of and the price of the product and the store atmosphere refers to how consumers feel about the atmosphere of the interior decoration of retail. This study uses retail image dimensions refer to product variety, product quality, price, value for money and the store atmosphere. According to Collin, Dodds, and Lindley (2003) that affect retail image of the brand image (retail brand image), in this case is a private label. While champion et al, (2010) found that retail image will affect the desire or willingness of consumers to buy a product. It is said that if consumers think a retail have a low image then he will bring a low quality products as well. Thus affecting the willingness of consumers to not buy products from retail concerned.

2.4. Customer Trust

Trust in the retail consists of three levels, namely; Trust in the salesperson (employees) retail, trust in the retail branded products, and Trust in retail. Trust in the retail employees is measured by the dimensions of competence, integrity, likeability and problem solving, (Guenzi et al., 2009). Consumer trust according Sirdeshmukh et al. (2002) views of trustworthiness dimension (properties that can be trusted) includes operational competence, operational benevolence and problem solving orientation. The dimensions will be seen in the two parties that make up consumer trust in the retail seller that frontline employee behavior and management policies and practices (Orth & Green, 2009). This study will look at the dimensions of trustworthiness on two aspects, namely trust in the salesperson and trust in the store including reliance on private label products convenience). According to Lin and Lu (2010), trust is positively and significantly affect consumer buying. This shows that consumers who trust will have an interest to buy private label products, so that the retailer should be able to build consumer trust. From the study of the above theory can be formulated hypothesis of this study as follows:

- Retail image positive effect on consumer trust in private label products,
- Retail image of a positive effect on purchase intention of private label products,
- Trust positive effect on private label products.

3. Research Method

Research study to determine the effect of the image of the retail, consumer confidence and interest in buying private label products of this research using path analysis using SEM (structural equation modeling). The method used was a survey by distributing questionnaires to 346 customers who purchase private label products retail self-service convenience in Bandung. Sampling was done by proportional random sampling on consumers 8 of retail supermarkets in the city of Bandung. Retail Supermarkets are Giant, Hypermart, Lottemart, Carrefour, Superindo, Yogya/Griya, Indomart and Alfamart. Profile of the respondents can be seen in the following table.

Table 1.
Sample Demographic Characteristics

Characteristics	Pr		Gender Lk		Sum		
	F	%	F	%	F	%	
Age	<20	51	14.7	12	3.5	63	18.2
	20-25	67	19.4	15	4.3	82	23.7
	26-30	29	8.4	13	3.8	42	12.1
	31-35	33	9.5	7	2.0	40	11.6
	36-40	37	10.7	3	0.9	40	11.6
	>40	62	17.9	17	4.9	79	22.8
	Sum	279	80.6	67	19.4	346	100.0
Sum Study	Senior High School	178	51.4	42	12.1	220	63.6
	Bachelor	20	5.8	2	0.6	22	6.4
	Graduate	45	13.0	16	4.6	61	17.6
	Magister	35	10.1	7	2.0	42	12.1
	Doctor	1	0.3	0	0.0	1	0.3
	Sum	279	80.6	67	19.4	346	100.0
Sum Income	< 1.400.000	126	36.4	19	5.5	145	41.9
	1.400.000-2.500.000	62	17.9	24	6.9	86	24.9
	2.500.000-5.000.000	62	17.9	16	4.6	78	22.5
	>5.000.000	29	8.4	8	2.3	37	10.7
	Sum	279	80.6	67	19.4	346	100.0
Sum Activity	Farmer	0	0.0	0	0.0	0	0.0
	Labor	4	1.2	3	0.9	7	2.0
	Merchant	5	1.4	3	0.9	8	2.3
	Government Employees	33	9.5	6	1.7	39	11.3
	Private Employees	77	22.3	25	7.2	102	29.5
	BUMN Employees	1	0.3	0	0.0	1	0.3
	Entrepreneurs	37	10.7	14	4.0	51	14.7
	Unemployment	10	2.9	0	0.0	10	2.9
	etc	112	32.4	16	4.6	128	37.0
	Sum	279	80.6	67	19.4	346	100.0

Measurement of retail image using indicator variables according to research Collin, Dodd & Linley (2003) consists of the type of products, product quality, price, value for money, and the store atmosphere. Consumer trust is measured at two levels of trust and trust in the retail employees in retail using operational indicators of operational competence, operational benevolence and problem solving orientation. While interest in buying private label products measured using indicators are considering buying a product, intention to buy a product and willingness to buy the product.

4. Result

The results of data processing with LISREL is all question items used valid and reliable because the value of factor loading greater than 0.40 and the value of CR (Construct Reliability) is larger than 0.70. This can be seen in the following table.

Table 2.
The Result of Measurement of Retail Image, Trust and Purchase Intention

Variable Retail Image							
Indicators	Loading Factors	Item	Loading Factors	R ²	Error variance	CR	VE
Product Variety	0,812	PV ₁	0,567	0,321	0,679	0,746	0,500
		PV ₂	0,718	0,516	0,484		
		PV ₃	0,814	0,663	0,337		
Product Quality	0,836	PQ ₁	0,771	0,594	0,406	0,793	0,562
		PQ ₂	0,701	0,491	0,509		
		PQ ₃	0,774	0,599	0,401		
Price	0,782	P ₁	0,793	0,629	0,371	0,810	0,681
		P ₂	0,856	0,733	0,267		
Value for Money	0,854	VfM ₁	0,862	0,743	0,257	0,830	0,709
		VfM ₂	0,822	0,676	0,324		
The Store Atmosphere	0,726	TSA ₁	0,791	0,626	0,374	0,844	0,644
		TSA ₂	0,782	0,612	0,388		
		TSA ₃	0,833	0,694	0,306		
Variable Customer Trust							
Indicators	Loading Factors	Item	Loading Factors	R ²	Error variance	CR	VE
Trust in Salesperson	0,831	TS ₁	0,736	0,542	0,458	0,904	0,541
		TS ₂	0,655	0,429	0,571		
		TS ₃	0,699	0,489	0,511		
		TS ₄	0,770	0,593	0,407		
		TS ₅	0,743	0,552	0,448		
		TS ₆	0,767	0,588	0,412		
		TS ₇	0,769	0,591	0,409		
		TS ₈	0,735	0,540	0,460		
Trust in The Store	0,881	TTS ₁	0,777	0,604	0,396	0,862	0,511
		TTS ₂	0,687	0,472	0,528		
		TTS ₃	0,775	0,601	0,399		
		TTS ₄	0,711	0,506	0,494		
		TTS ₅	0,679	0,461	0,539		
		TTS ₆	0,650	0,423	0,578		
Variable Purchase Intention							
Indicators	Loading Factors	Item	Loading Faktor	R ²	Error variance	CR	VE
Consider Buying Product	0,853	CBP ₁	0,701	0,491	0,509	0,701	0,539
		CBP ₂	0,766	0,587	0,413		
Intention to Buy	0,817	ItB ₁	0,817	0,667	0,333	0,818	0,692
		ItB ₂	0,847	0,717	0,283		
Willingness to Buy	0,823	WtB ₁	0,828	0,686	0,314	0,851	0,657
		WtB ₂	0,895	0,803	0,197		
		WtB ₃	0,695	0,483	0,517		

This table show that all of indicators are valid and reliable. Value for money greates contribution to reflect the retail image. While trust was reflected of trust in the retail. Purchase intention was reflected of consider buying products.

Table 3.

Significancy Test Variable and Coefficient Retail Image , Trust and Purchase Intention of Private Label Products

Hypothesis	Path	Path Coefficients	T _{stat}	T _{table}	Reject/ Supported
Hypothesis I	Retail Image → Trust	0,768	8,746	1,645	Supported
Hypothesis II	Retail Image → Purchase Intention	0,293	3,143	1,645	Supported
Hypothesis III	Trust → Purchase Intention	0,437	3,510	1,645	Supported

Note: The Hypothesis supported if $T_{stat} > T_{table}$

Table above shows that the third research hypothesis is accepted where T_{stat} is larger than T_{table} . The first hypothesis, these results suggest retail image positive and significant effect on consumer trust indicated by the value of $r = 0.768$

and the value of $t_{stat} = 8.748$ is greater than $1.645 T_{table}$. The second hypothesis, retail image positive and significant effect on purchase intention of private label products. This is shown by the number of the $r = 0.293$ to $3.143 T_{stat}$ value is greater than T_{table} of 1.645 . The third hypothesis also shows a positive and significant influence between trust and interest in buying private label products with a value of $r = 0.437$, $t = 3.510$ is greater than $1.645 T_{table}$. The results of this study showed that the greatest influence is shown by the retail image on consumer trust.

5. Conclusion

The results showed a positive and significant effect between retail image with confidence and interest in buying private label products retail supermarkets. Interest in buying private label products have greater self-service retail influenced by consumer confidence, which is made up of consumer confidence and trust in the salesperson retail confidence in itself. It is important for retailers to improve the services provided by salesperson, as consumer trust in the salesperson is still low. Affect the image of its own retail buying interest lower than the influence of consumer confidence in buying interest. Retail image is more emphasis on the provision of services that can provide more value to the consumer, because the one that forms the image of retail is perceived consumer benefits (value for money) is an element of the greatest contribution to the retail image. It is important for retailers to take into account the retail image that had a major impact on consumer confidence, which ultimately affects the interest in buying private label products.

6. Implication of This Study

This study is done to look at the factors that affect interest in buying private label products retail supermarkets. It is clear that build consumer buying interest can be done by improving retail performance through the elements that make up the image of the retail and at the same time improve the elements that make up the consumer trust. This is done because consumers are interested in buying private label products if the product is sold by retailers that have a positive image and at the same retail and consumer trust in the private label products.

7. Limitation and Future Research

This research was conducted at the retail supermarket in the city of Bandung in the convenience store, supermarkets and hypermarkets. For the foreseeable future is expected this study conducted on each retail format, so that the apparent differences in consumer interest for each retail formats. This is due to each retailing has different characteristics that affect consumer purchase intention of private label products.

Reference

[1] Bao, Chuan, Yong; Bao, Yegin; and Sheng, Shibin. 2011. "Motivating Purchase of Private Brands: Effect of Store Image, Product Signatureness, and Quality Variation", Journal of Business Research (64), pp. 220-226

[2] Collins, Colleen-Dodd, and Lindley, Tara. 2003. "Store Brands and Retail Differentiation: The Influence of Store Image and Store Brand Attitude on Store Own

- Brand Perceptions”, *Journal of Retailing and Consumer Service*, Vol. 10, pp. 345-352.
- [3] Diallo, Fall, Mbaye. 2012. “Effects of Store Image and Store Brand Price-Image on Store Brand Purchase Intention: Application to An Emerging Market”, *Journal of Retailing and Consumer Service* (19), pp. 360-367.
- [4] Dursun, Inci; Kabadayi, Tumer, Ebru; Alan, Kocak, Alev, and Sezen, Bulent. 2011. “Store Brand Purchase Intention: Effects of Risk, Quality, Familiarity and Store Brand Shelf Space”, *Journal of Global Strategic Management*, 10, pp. 113-124.
- [5] Guenzi, Paolo; Johnson, D. Michael and Castaldo, Sandro. 2009. “A Comprehensive Model of Customer Trust in Two Retail Store”, *Journal of Service Management*, Vol. 20, No. 3: 290-316.
- [6] Grewal, Dhruv; Krishnan, R.; Baker, Julie, and Borin, Norm. 1998. “The Effect of Store Name, Brand Name and Price Discount on Consumers’ Evaluations and Purchase Intention”, *Journal of Retailing*, Vol. 74 (3), pp. 331-352.
- [7] Hair, F. Joseph, Jr; Black, C. William; Babin, J. Barry and Anderson, E. Rolph. 2010. “Multivariate Data Analysis: A Global Perspective”, Pearson, Seventh Edition.
- [8] Kotler, Philip and Keller, Kevin Lane. 2012. “Marketing Management”. Pearson Global Edition, 14th Edition. h.27, 192, 349, 469, 481.
- [9] Lin, Yi-Long, and Lu, Yuh-Ching. 2010. “The Influence of Corporate Image, Relationship Marketing, and Trust on Purchase Intention: The Moderating Effects of Word-of-Mouth”, *Tourism Review*, Vol. 65, No. 3: 16-34.
- [10] Market Analysis Report (Canada), 2012.
- [11] Orth, R. Ulrich, and Green, T. Mark. 2009. “Consumer Loyalty to Family Versus Non-Family Business: The Roles of Store Image, Trust and Satisfaction”, *Journal of Retailing and Consumer Services*, Vol. 16: 248-259.
- [12] Rahman Bin Abdullah; Norhanisah Bte Ismail; Akmal Fadhila Bte Abdul Rahman; Musnadzirah Bte Mohd Suhairin, and Siti Khadijah Bte Safie. 2012. “The Relationship Between Store Brand and Customer Loyalty in Retailing in Malaysia”, *Asian Social Science*, Vol. 8, No. 2, pp. 171-184.
- [13] Shao, C. Y., Baker, J. A., & Wagner, J. (2004). The effects of appropriateness of service contact personnel dress on customer expectations of service quality and purchase intention: The moderating influences of involvement and gender. *Journal of Business Research*, 57(10), 1164-1176.
- [14] Sirdeshmukh, Deepak; Singh, Jagdip and Sabol, Barry. 2002. “Consumer Trust, Value, and Loyalty in Relational Exchanges”, *Journal of Marketing*, Vol. 66 (January), pp. 15-37.
- [15] Wu, C.S. Paul,; Yeh, Yeong-Yuh, Gary , and Hsiao, Chieh-Ru. 2011. “The Effect of Store Image and Service Quality on Brand Image and Purchase Intention for Private Label Brands”, *Australasian Marketing Journal*, Vol. 19: 30-39.