Studying the Relationship between Attitudes with the Consumers’ Purchase Intention of Retail Brands Based On Loyalty/Trust, Pessimism, and the Perceived Benefits

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Abstract

Labeling (nomination) the brands as the private ownership has been changed into an important issue for the experts of marketing and the empirical researches in this field are increasing. The present paper which its purpose is to study the relationship of attitudes with the consumers’ purchase intention of retail brands based on loyalty/trust, pessimism, and the perceived benefits is the results of a field study. In this paper, we have been tried to present and test a model in the domain of retail brands. For accomplishing the considered purposes, a questionnaire contains of 34 questions has been distributed among 360 consumers of Etka Shops in Arak Province (based on a sampling method) and 341 questionnaires have been collected and the Liserel Software has been used for testing and analyzing this model. Keywords: Attitude, Retail Brands, Pessimism, Perceived Benefit, Purchase Intention

Introduction

In today’s world, based on the development of competition and the dynamicity of economy, considerable changes have been occurred in the desires and purposes of organizations during the recent years. Prior to this issue, focusing on how to attract the new consumers was the main policy of organizations.

But in the present time, the strategic and commercial policies are based on maintaining and improving the satisfaction and increasing the confidence of consumers to the organizations. The main reason of such change is to increase the information and knowledge to the appropriate consequences of consumers’ satisfaction. By considering that brands are playing the main role in the marketing field, therefore we should consider that brands are the valuable aspects of companies (Nigel J. Barrett et al., 2011, 222).

Branding has been changed as the important aspect of major management during the previous decade. By defining the competitive nature, branding can be important in the retail industry because it must be effective in the perceptions of consumers, loyalty and the selection of a shop. In this regard, it is necessary to mention that the retailers are the owners of retail brands. These private names have been introduced in some kinds of tea-products during 100 years ago and now they are available in 60% of these products (Fitzel, 1982).

Based on the view of food marketing institute, the percentage of food-stores which purchases the private brands/names has been increased from 37% in 1990 to 44% in 1991 (Raj Sethraman et al., 2004, 3).

Retail brands are so susceptible/responsive to the brands of products (Ailawadi et al., 2004, 3).

Therefore, in this paper, based on the susceptible/responsive nature of retail brands in the all markets of the world, we are trying to study the relationship of attitudes and the consumers’ purchase intention of retail brands based on loyalty/trust, pessimism, and the perceived benefits.

Literature Review

Trade Brands

A trade brand can be a strategic tool which is being used by the vendors for creating
the market-power in one category against their competitors. The presence of a trade brand can affect the capacity/ability of shops for competing with the other shops. Trade brands of retail can be used for attracting the consumers or creating the marketing profits of loyal consumers (Andre Bonofer, 2003, 2).

Until now, there is not enough evidence about the retail brands and they are ambiguous for the consumers but by the efforts of retailers in this field for promoting these brands, the perception of consumers toward these brands has been improved continuously and the retail brands have been changed into an accepted part of a set of consumers’ selections (Limperpolous et al., 2010, 721).

During the previous decade, various studies have been done about retail brands and the articles which were published in this domain provided a field for studying this issue. In some studies which have been done, variables like loyalty/trust and confidence/pessimism (Limperpolous et al., 2010), consumers’ attitude (Sanel Kumar, 2006), retail brands (Ailavadi and Keller, 2004), trust (Michel Johanson et al., 2008) and retail brands (Franc Helsinki et al., 2009) have been studied.

Based on the importance of these variables on the brands of shops and their affect on the consumers’ satisfaction toward these brands, understanding these variables is essential.

Credit of Trade Brands

Ordum et al., in 1998 defined this concept and its meaning. These researchers, by considering the signaling theory, could study the value-equity of trade brand based on the consumers. They defined this concept correctly as it refers to considering the information of product place which is under the trade brand based on the perceptions of consumers toward this issue; whether the trade brand can satisfy the needs of consumers or not. It can be said that this credit contains of two elements: credit/trust and specialty/proficiency (Ordum et al., 1998 and 2004).

Credit/trust refers to the tendency of companies in satisfy the needs of consumers but specialty/proficiency refers to the ability/skills of companies in providing the services and products which they have promised (Jooyoung Kim et al., 2010, 665).

Loyalty/Trust to Brands

If the loyalty/trust of consumers to the trade brands is profound, therefore the target market will develop this brand. In other words, developing the target market is bound to the brand’s development. One of the properties of trade brands as the source of value is loyalty to trade brands which not only indicates a fixed pattern/model of purchase during the time but also an appropriate attitude to the brands.

When a trade brand is compatible with the personality of a consumer, or when a trade brand provides the appropriate benefits, then its loyalty increases. Different studies, which had two elements as behavioral and attitudinal aspects, evaluated the loyalty of brands, For example, Dik & Basiu considered the trade brands as the communication ability/skill between the relative attitude of individuals to a brand and the support Accessing to the related information and having knowledge about what is the loyalty-level of consumers to each brand helps us to compile and edit a marketing plan which contains of maintaining and attracting new consumers.

Retail Brands

Retail means an activity which directly delivers the products to the marginal consumer whose purchasing purpose is the personal consumption of services or products. It is necessary to mention that the gap between national brands’ quality and the retail brands is
decreasing; however the retail brands have done many efforts in order to increase their quality (Opel Baum et al., 2003; Miranda and Joushi, 2003).

In order to increase and improve the quality of retail brands, a recent study which has been done by Mires et al., 2006 has confirmed the previous findings as the consumers believe that the national brands as the best brands.

If we look at these issues in-depth, then we will find that the perceived priority of national brands is related to their external (not internal) properties; however, it seems that if we evaluate the retail brands based on their internal properties, then they will have an effective performance.

For example, Vaidianatan in 2000 found that the retail brands do not have a “positive representation” in comparison to the national brands and some studies have been shown that the expressed perceptions by the consumers about the retail brands is so negative to their real perception subsequent to experiencing these brands in a field without information and knowledge.

Based on the view of Ordum et al., 2004, since the attitudes of consumers toward the perceived risk is a considerable and important factor in determining the choice of consumers, especial a trade brand, therefore, Baltas in 1979 suggested that increasing loyalty/trust to the quality of retail brands had a positive effect on increasing their prevalence or spread among the consumers (Limperpolous et al., 2009, 721).

**Perceived Benefit of Retail Brands**

This benefit is a strong motivation/drive which encourages the consumers to purchase products because the consumers combine the perceived risk and benefits and also define the productions based on a positive and negative attitude or a way of thinking.

The results of Ton et al., in 2004 have been shown that the perception of individuals to the efficiency of services and products affects the attitude of individuals in purchasing the products which is effective in the behavior of individuals. The perceived benefits which are being resulted from the retail brands are related to the price, quality and the other properties of products.

**Loyalty/Trust**

Loyalty plays an important role in most of the involved economical and social interactions with the lack of confidence and independency. Although there is not confidence in the internet interactions (Thompson, 2005, 22), the loyalty and trust in the marketing articles have been defined through various ways:

- As a tendency for assuring the other party of an interaction as we trust him/her
- Believing that the promise of the party of an interaction is valid and he will do his duties correctly (Ami Vong and Americ Sohal, 2002, 36).

Some researchers believe that a Relationship marketing must be based on loyalty/trust because loyalty is the core of a successful Relationship marketing (Verner Konez, 2010, 5).

Sitman studies the role of loyalty in developing the trade brands; however this research is an empirical study about the loyalty of consumers in combining the level of branding in the cell-phone markets of Germany in which a structural patterning/modeling has been used for testing his pattern from the Internal and external factors.
The article of Mozas, Hetberg & Nado is a conceptual paper in which a critical analysis for studying a possible relationship between loyalty and trust has been sued. Therefore, it adds a new dimension to the articles of loyalty between vendor – purchaser.

Wang & Huff, by using one of the interaction possible plans (from 16 possible plans), have done an experimental attitude on 390 American Trade Experts for studying their reaction/response to the lack of loyalty/trust and one of their findings was lack of information and evidence about the extent of failure.

**Theoretical Framework**

This framework contains of several effective variables on the attitudes and the purchase intention of consumers for making possible the depth finding of attitudes and the purchase intention of consumers. Therefore, this paper focuses on a small part which includes two main elements; loyalty and pessimism of consumers and tries to study their relationships and their effects.

For measuring this relationship, the conceptual model of Limperpolus et al., includes perceived benefit, pessimism of consumers, loyalty, attitude and the intention of purchase has been used. The relationship between attitudes and behavior has been presented in the logical theory of Ajzen & Fishbein in 1998.

At the time of referring to the retail brands, Burton in 1998 stated that attitudes to the retail brands have a positive relationship with the real purchase and this issue had been proved by Garretson in 2002. Although these findings are related to study the positive relationship between attitudes and the purchase intention, this problem must be proved; therefore the 1st assumption is being presented. However, it seems that there is evidence about this issue; the effects of retail brands are being under the effect of previous judges.

Kumar and Steenkamp in 2007 stated that the attention of individuals must focus on how an attitude of retail brands will be formed and this problems is under the effect of some factors such as personality (Burton, 1998), economical – social (Batra and Sinha, 2000) and perceptual (Kertson et al., 2002).

Among the perceptual factors, perceived risk has been accounted as the important factor (Jean, 2005).

Therefore, the perceived benefits as the initial variables will be remained as the independent variable in a form of hypothesis.

Ordum et al., in 2004 pointed out that the attitudes of consumers toward the perceived risk is an important factor in determining the choice of consumers about brands and it is necessary to mention that Baltas in 1997 stated that increasing the confidence in the quality of retail brands had a positive effect in increasing their prevalence or spread among the consumers.

In order to the importance of confidence in the perceptions of risk and purchase, no studies have been done toward a relationship between confidence and the observed risks and the observed benefits of retail brands. Therefore, the 3rd hypothesis is being presented.

Akbay & Jones in 2005 came to a conclusion that income plays an important role in the decisions of purchase. The consumers with less income/revenues have more preferences to the cheaper brands. In addition to these points, and in a study by Chanio Takis et al., in 2009, it was determined that the intention of consumers for purchasing the retail brands among the especial products is under the effect of consumers’ attitude to a special kind and sometime is under the effect of perceived economical situation.
Droutez & Figrodo in 2000 have shown that there is a negative correlation between confidence and trust/loyalty and perceived risk, however there is not empirical evidence about this relationship between observed benefits as the initial variable of perceived risk and loyalty/trust. Based on this issue, studying this correlation is essential and the 4th hypothesis is being presented (Limperpolous et al., 2010, 722).

**Figure 1-1: Model of study**

**Source:** Limperpolous et al., 2010, 725

**Hypothesis:**

In this paper, the researcher by doing his study which is based on the analysis of one or several hypotheses about the relationship between variables tries to study the subject of this paper through the following hypotheses:

* **1st hypothesis:** There is a direct relationship between the consumers’ attitudes to the products with their purchase intention.

* **2nd hypothesis:** There is a direct relationship between the perceived benefits of products with the consumers’ attitudes toward them.

* **3rd hypothesis:** There is a direct relationship between the consumers’ pessimism to the products with their perceived benefits.

* **4th hypothesis:** There is a direct relationship between the consumers’ loyalty/trust to the products with their perceived benefits.

1- Hay Yan Kim and Ji E Yon Chong in 2011 have been studied the purchase intention of consumers for buying the organic cosmetics products and in this paper, the relationship between attitude and purchase intention has been studied by presenting 8 hypotheses. Data collecting was done via questionnaires and the obtained findings have been shown that the environmental and apparent information and knowledge affect the attitude toward organic cosmetics products positively.

2- Constantine Limperpolous et al., in their studies about the acceptance of detergent/cleaning retail brands and the confidence/loyalty role of consumers in 2010 based on 4 presented hypotheses and by doing their study on 851 individuals have shown that the extent of confidence, pessimism of consumers toward their economical situation and their confidence to the retail brands are under the effect of observed benefits directly and also under the influence of their attitudes indirectly but it affects their purchase intention directly.

3- Yu-Hui Chen & Stuart Barnes in 2007, in a paper called initial confidence and the online purchase behavior, study the initial loyalty and confidence by using 4 groups of elements and in this study, it was determined that the observed benefits, perceived situation and confidence, concealed situations and the desirability of purchase are the important consequences for the initial confidence.
4. Matthew Chylinski & Anna Chu in 2008, in a study based on the pessimism of consumers, their consequences through studying the behaviors of pessimistic consumers and the factors which increase these moods in them obtained various findings; means that increasing in the number and the intensity of these behaviors is being resulted from the lack of compatibility/accordance between the purposes or the values of consumers and the activity of companies and also, the inconsistency of values affects the intensity or level of pessimistic behaviors severely.

**Method**

In this paper, the method of this study is causal and in this way, the relationship and the effect of variables, based on the defined purposes, are being analyzed. Also it is necessary to mention that this study, in terms of data collecting, or in other words, based on the plan of this study, is descriptive which describes the properties of a sample and then, generalizes these properties to a statistical society.

These kinds of researches are in several groups and in this paper, the measuring one was used. By using the measuring kind, it is possible to describe, predict and analyze the relationship between variables. As a summary, the method of this study is causal, measuring and descriptive and the method of this paper based on its purpose is functional. In this paper, statistical society includes all consumers and customers of Etka Shops in Arak Province.

**Method of Data Analysis**

In this paper, for describing, analyzing data and testing the hypotheses, the deductive statistics and modeling of structural equations have been used. The modeling of structural equations is a multivariate technique from the group of multivariate regression and in the other words; it is an extension of general linear model 1 which allows the researchers to test a collection of regression equations simultaneously.

Modeling of structural equations is an extensive statistical approach for testing the hypotheses related to the observed relationships and also it was called as the structural analysis of covariance, causal modeling and Liserel but the current term is SEM or Structural Equation Models. Since in this paper, the effect of trust and pessimism of consumers on the perceived benefit, the effect of perceived benefit on the attitude and the effect of attitude on the purchase intention of retail brands have been studied and based on the results from data analysis in chapter 4, the results of this paper are as the following.

Analysis of data is a multi-stage process by which the provided data through the application/usage of tools for collecting samples (statistical society) are being summarized, coded, classified and processed in order to provide a field for doing all types of analyses among data to test the hypotheses.

For analyzing the statistical data of this paper, at first, the resulted information of questionnaires has been extracted and inserted in the main table, then, all information was analyzed by computer via LISERL Software. In this paper, of whole participants, 191 individuals (56%) are men and 149 individuals (43/7%) are women.

The age of 0.6% of them (2 individuals) who forms the less frequency is above 50 and 61/9% (211 individuals) of them is between 20-30 who forms the high number or frequency. Also the age of 2/1% of them (7 individuals) is less than 20 but 28/4% (97 individuals) of them is between 30-40 and 7% of them (24 individuals) is between 40-50.

Of the whole participants, 5/3% (18 individuals) of them who forms the less frequency has the educational degree in M.A or higher than this and 7/3% of them (25 individuals) has elementary degree but 36/4% of them (124 individuals) who forms the more
frequency have diploma degree, and 15% of them (51 individuals) and 36/1% (123 individuals) have junior college degree (associate of arts degree) and B.A. degree, respectively.

**Data Analysis**

For analyzing data and testing the related hypotheses, modeling of structural equations has been used. This method such as statistical models is useful for studying the linear relationships between unobserved variables and observed ones. Through this method, the researchers could reject the assumed structures or confirm their accordance with the non-experimental data (Hooman, 2008, 2).

In graph no.: 4-4, the standard model which has been resulted from the usage of *Liserel Software*, was shown.

**Graph 4-4: model of standardized coefficients by Liserel software**

![Graph 4-4](image_url)

Based on graph 4-4, in this model, 8 unobserved variables (customer-orientation, competition-orientation, coordination among duties, marketing innovation, competitive benefits based on distinction, competitive benefits based on prices, competitive benefits based on centralization, performance) and their measuring indexes have been shown, clearly.

**Results of Hypothesis’s Tests**

In this section, we study the significance of obtained numbers of this model; since in this paper, we try to find the hypotheses’ tests in the confidence level of 0/95 or error – level of 0/05, so for testing
the numbers will be significant which are more than -1/96 or +1/96 means that if a number is between -1/96 or +1/96, so it will be insignificant.

In the following model, the obtained numbers for $t$ test are significant; therefore, it is possible to study the causal relationships (measuring indexes with the unobserved variables) and their effects (all unobserved variables) based on the above mentioned points and also we should consider that this model based on the fitness indexes is in an appropriate situation.

**Graph 5-4: the model in the signficancy situation with $t$-value**

Evaluating the Models’ Fitness

Subsequent to modeling and evaluating its parameters, the first question which arises in our mind is that whether the measuring model is an appropriate model or not? Its answer is possible through studying its fitness. The meaning of fitness is that to what extent a model is in consistent with the related data (Kalantari, 2009, 127).

For evaluating its fitness, the indexes such as $K2$ on the degree of freedom ($\chi^2/df$), Root Mean Square Error of Approximation (RMSEA), $P$-value, and Comparative Fit Index or CFI have been used. RMSEA which is being reported as a decimal number is based on a Non Centrality Parameter and this index for the good models equals 0/05 or less than this number. The models that their RMSEA is 0/10 or more than this have weak fitness (Kalantari, 2009, 42).

If the value of CFI is larger than 1/0, then it will be equal 1/0 or if it is less than 0, then it will be equal 0 and like the previous indexes, if the value of this index is between 90 -95%, therefore, it will accounted as an acceptable index. However, some researchers use the cutting point of 0/80 (Kalantari, 2009, 41).

One of the other indexes for calculating the free parameters in estimating the fitness indexes is a Relative $K$ Square which is being obtained through dividing the value of $K$ Square to the freedom degree of this model and its value is between 2-3. Therefore, the viewpoints about this issue are
different. Among the fitness indexes, RMSEA is accounted as an appropriate index and CFI as the best index. In general, the fitness indexes are in the range of 0-1. The coefficients more than 0.90 are accounted as the acceptable coefficients and this value as P=0.05 is optional (Kalantari, 2009, 43).

In the present paper, the calculated value for RMSEA equals 0.077 and for indexes such as GFI=0.81, IFI=0.80, CFI= 0.80 and \( \chi^2/df = 2.99 \) indicates that this model is acceptable. The presented indexes and their comparison with the optimal value for a fitness model indicate the fitness of this model. The main point in this field is that although the fitness of structural confirms that model, it does not prove that this model is only a valid one. Therefore, we should study the related hypotheses based on this model (graphs 5-4 and 4-4).

Table 4-4: a summary of results of hypotheses

<table>
<thead>
<tr>
<th>Results</th>
<th>T statistic</th>
<th>calculated standard coefficient</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable</td>
<td>7/05</td>
<td>0/80</td>
<td>There is a direct relationship between the attitudes of consumers to the products with their purchase intention.</td>
</tr>
<tr>
<td>Acceptable</td>
<td>8/31</td>
<td>0/82</td>
<td>There is a direct relationship between the perceived benefits of products with the attitudes of consumers toward them.</td>
</tr>
<tr>
<td>Acceptable</td>
<td>5/51</td>
<td>0/89</td>
<td>There is a direct relationship between the pessimism of consumers to the products with their perceived benefits.</td>
</tr>
<tr>
<td>Rejected</td>
<td>1/64</td>
<td>0/07</td>
<td>There is a direct relationship between the loyalty/trust of consumers to the products with their perceived benefits.</td>
</tr>
</tbody>
</table>

Conclusion

* There is a direct relationship between the attitudes of consumers to the products with their purchase intention.

The results of statistical analysis indicate that this hypothesis must be confirmed and supported. Therefore, in the confidence level of 95%, it can be claimed that there is a direct relationship between the attitudes of consumers to the products with their purchase intention. These results are in consistent with the results of Limperpolous et al., in 2010 and Ajzens and Fitch in 1980. So, these results indicate that the intentions of consumers for purchasing the products and retail brands are under the effect of their attitudes toward these products and their brands, directly.

* There is a direct relationship between the perceived benefits of products with the attitudes of consumers toward them.

The results of statistical analysis indicate that this hypothesis must be confirmed and supported. Therefore, in the confidence level of 95%, it can be claimed that there is a direct relationship between the perceived benefits of products with the attitudes of consumers toward them. These results are in consistent with the results of Limperpolous et al., in 2010. So, these results indicate that the attitudes of consumers to the products and retail brands will
be formed based on the perceived benefit that the consumers expect them.

* There is a direct relationship between the pessimism of consumers to the products with their perceived benefits.

The results of statistical analysis indicate that this hypothesis must be confirmed and supported. Therefore, in the confidence level of 95%, it can be claimed that there is a direct relationship between the pessimism of consumers to the products with their perceived benefits. These results are in consistent with the results of Limperopolous et al., in 2010.

* There is a direct relationship between the loyalty/trust of consumers to the products with their perceived benefits.

Based on the results of chapter 4, since the path which connects these two variables to each other is positive but it is not significant, therefore, this hypothesis is rejected. The results of data analysis show that the loyalty/trust of consumers to the retail brands and products on the perceived benefits has a positive and direct effect except a significant relationship; therefore, this hypothesis which indicates the lack of generalization is being rejected.

These results are not in consistent with the results of Limperopolous et al., in 2010. Based on the points of chapter 2, the loyalty/trust of consumers to the retail products is being studied based on two points; trust to the production process and trust to the process of quality control. So, the rejection of this hypothesis might be due to the lack of confidence to one of the above mentioned points by the Iranian consumers.

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