

# Corporate Store Brand Versus Famous Product Brand: An Innovation Strategy for Customers

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**Abstract.** This paper investigates the factors that influence customer's decision making in purchasing corporate store brand or famous product brand while determining the perceptions about brands in the minds of customers. A quantitative approach was applied and the survey was conducted at one corporate hypermarket. A survey was administered to customers visiting a supermarket in Johor Bahru. Hence, this research will help to realize and identify what customers look into when they purchase food brand products and their decision making. Kolmogorav – Smirnov Z test was used to measure the perceptions that consumers have towards corporate store brand and product brand. Pearson correlation, simple regression analysis was conducted to test the relationship between the factors and customer's decision making. Mean, median and mode were also used as descriptive analysis to test the variables. Findings show that the perceptions about corporate store brand are rather bad compared to famous product brand among consumers in Johor Bahru, Malaysia. Store has a positive impact on consumers' decision making when purchasing corporate brand. On the contrary, food product characteristics (quality, value for money, packaging) play important role as factor when they purchase famous product brand. Finally, quality is criteria that consumers take into account when they purchase a brand. The firm should notify consumers about their products value and quality in addition improves the packaging of the food product. Moreover, Corporate Hypermarket can implement a better marketing strategy that involves all the four Ps; place, product, promotion and price to help consumers know in depth about their food brand; XXX Choice.

**Keywords:** Corporate Store Brand, Product Brand, Decision Making, Customers, Store Image

## 1. Introduction

Brand is all of the promises and perceptions that an organization wants its customers to feel and thought about its product and service offerings. There two common types of branding in the marketplace nowadays. Corporate and product branding are the branding strategy used. Although there is recognition and knowledge about the emerging sights of brands, little is known about the impact of the effects of corporate brands and product brands on consumer decision making. There are so many inquiries about the way consumer purchase a brand and make the final decision to buy a particular product. Whilst the existing frameworks are helpful for a general understanding of the multidimensional nature of product brands (Keller, 2003)<sup>1</sup> and corporate brands (Urde, 2003)<sup>2</sup>, an important area that is yet to be addressed is the relationship between corporate store brand, product brand and consumer decision making and the factors that determines their purchasing behaviour. Understanding the values of the consumer decision process and branding strategy allow marketers to gain insights into the procedure a consumer undergo when purchasing their products. Now, the "battle of the brands" is a war fought over consumer perceptions (Quelch and Harding, 1996)<sup>3</sup>. Both parties employ different weapons in this struggle. Given the situation and issue, it is high time to know what exactly the consumers in Johor Bahru are thinking about corporate store brand and famous product brand, ultimately to know the different factors that lead them to purchase a particular brand relatively. Methodology

## 2. Research Design

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The target population of this study was retailing organization of Malaysia. The sample for this survey was the respondents who are customers of Corporate hypermarket Stores at Bukit Indah and those who live in Johor Bahru. Tesco was selected as the unit of analysis for this study because it is considered to be one of the major forces in the retailing industry and major contributors of economy in Malaysia. This research examined the factors that influence the customers' willingness to buy a brand, and then investigated their relationship with decision making to buy corporate brand or product brand.

Primary research would include only quantitative approach which will be based on the research objectives and hypotheses developed. Questionnaires were designed to test the hypothesis and answer the research questions. A total of 150 respondents participated in the research. In this research, non-probability sampling method was used because they were selected in a non-random manner from a population. Judgment sampling is a common non probability method where sample size was determined based on judgment. The measurement used in this paper is the 5 points Likert Scale Method of summated ratings from being 1 – least important to the 5 – very important.

## 2.1. Conceptual Framework

One of the main objectives of this study is investigate the potential factors that influence consumers' decision making to either buy corporate store brand or food product in Tesco. The four variables measured are food product characteristics, store image, price and involvement and familiarity. The dependent variable in this study is consumer decision making in purchasing a brand product. A proposed framework was established in Figure 1.

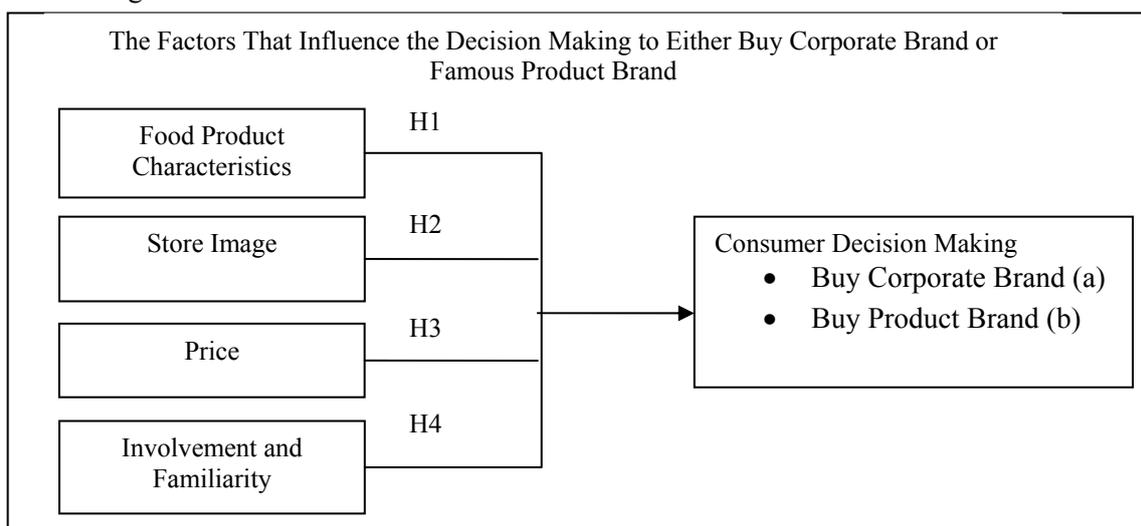


Figure 1: The Conceptual Framework of Independent Variables and Dependent Variables

## 2.2. Hypothesis Development

H1: The product characteristics (quality, value for money, appealing packaging) are influential on the decision making to either buy corporate (store) brand or famous product brand

H2: Store image is influential on the decision making to either buy corporate (store) brand or famous product brand.

H3: Price is influential on the decision making to either buy corporate (store) brand or famous product brand.

H4: Involvement and familiarity are influential on the decision making to either buy corporate (store) brand or famous product brand

## 3. Findings

### 3.1. The Perceptions of Customers on Corporate Store Brand Compared to Famous Product Brand

According to the survey findings in Table 3.1, most of consumers have perception that XXX Choice is worse compared to famous food products like F&N and Nestle. This can be explained by the low value of

mean, 2.47 from the table. Kolmogorov-Smirnov Z has value 4.130 indicating that consumers have better perceptions on famous product brand compared to corporate store brand. The test is proven significant where  $p < 0.05$ . It is clear that Malaysians are still somewhat sceptical about the quality of corporate store brands which may partially explain why penetration of XXX Choice in the grocery sector is relatively poor.

Table 3.1: Perceptions on Corporate Store Brand Compared to Famous Product Brand

<b>Kolmogorov-Smirnov Z Test</b>		
Normal Parameters <sup>a</sup>	Mean	2.47
Kolmogorov-Smirnov Z		4.130
Asymp. Sig. (2-tailed)		.000

### **3.2. The Important Factors That Customers Look Into Before Purchasing a Food Brand Product**

These are the important variables which is useful for this research in order to know what exactly consumers are looking at when they purchase a brand. The higher the mean indicates the higher position it holds or consumers place an upper importance than the lower ones. From table 3.2, the highest mean recorded is the variable of quality. This brings about the meaning that most of the customers look into the factor of quality first when they purchase a food product. The mean documented in this research is 4.75 reaching almost to the maximum Likert scale of 5. Involvement has the least mean which is only 3.97. Even though this variable has the lowest mean, it brings some mass of importance towards consumers as well because the mean 3.97 almost equal to 4.00 (important). In conclusion, the important attributes that customer look into when purchase a brand is first the quality, followed by the factor of packaging. The third is value for money whether the food product is worth the money spent. The fourth important attribute is the store image. The fifth important attribute is familiarity and the least important recorded is the factor of involvement.

Table 3.2: Identification of the important attributes that customer look into when purchase a food brand product.

<b>Attributes/Factors</b>	<b>Mean</b>
Quality	4.76
Packaging	4.41
Value For Money	4.36
Store Image	4.26
Familiarity	4.18
Involvement	3.97

*Value of mean = 1 – Least important, 5 – Most important*

### **3.3. The Most Important Attributes Taken Into Account for Decision Making (to Buy a Food Brand)**

There is a general analysis done to develop an extra understanding on how consumers purchase a product when he or she plans to buy a food product brand in Table 3.3. In ranking, customers are entitled to rank from 1 being the most important attribute to look into until 9 being the least important factor during decision making and willingness to buy corporate or product brand.

Nine general attributes are being tested; how the product looks, the convenience of reaching the food product brand, price, the food product that solves problem, food product that is readily available, quality perceived, there is a variety of good selection to choose from, just what a consumer need, a good advertising to promote the food product. The mode value will be taken into account first and foremost before median. How to measure the position then? If there is a similar mode occupied, then the median will measure which attribute is more important. Hence mode represents the rank and median differ a position from another when the attributes have analogous mode. The ranking of the overall attributes are as follows. First is the quality perceived, and then followed by price attribute. Third, will be the convenience to reaching to the food

product, then fourth; the ability to solve problem, the food products that are readily available and sixth; the way the food product is packaged. Seventh rank is the good selection of food products, eighth; just what I need and lastly the advertising attribute.

Table 3.3: How consumers purchase food product brand either a corporate (store) brand or product brand.

	Looks Good	Convenient	Price	Solves Problem	Readily Available	Quality	Good Selection	Just what I need	Advertising
<b>Median</b>	5.00	4.00	4.00	5.00	4.00	2.00	7.00	6.00	8.00
<b>Mode</b>	5	3	2	4	5	1	7	8	9

### ***Summary of Hypothesis Testing – Factors that Influence Customers’ Decision to Buy Either Corporate Store Brand or Famous Product Brand***

The study in Table 3.4 indicates that only store image has significant positive impact on the purchase of corporate store brand. Based on the regression test, it indicates that, the store environment is significant enough to influence the willingness to buy corporate brand.

Table 3.4: Hypothesis Testing of Decision Making to buy Corporate Brand

Hypothesis	Variable	Test	Significance	Value
<b>Hypothesis 1a</b>	Food Product Characteristics	Regression	Not Significant	0.138
<b>Hypothesis 2a</b>	Store Image	Regression	Significant	0.004
<b>Hypothesis 3a</b>	Price	NIL	NIL	NIL
<b>Hypothesis 4a</b>	Familiarity & Involvement	Regression	Not Significant	0.208

Comparatively to Table 3.4, Table 3.5 shows the hypothesis testing for decision making to buy famous product brand. Statistical analysis shows that only food product characteristic is a significant factor for decision making of famous product brand. The similarity is that both familiarity and involvement are not significant enough to determine the decision making to buy famous product brand.

Table 3.5: Hypothesis Testing of Decision Making to buy Product Brand

Hypothesis	Variable	Test	Significance	Value
<b>Hypothesis 1b</b>	Food Product Characteristics	Regression	Significant	0.000
<b>Hypothesis 2b</b>	Store Image	Regression	Not Significant	0.138
<b>Hypothesis 3b</b>	Price	NIL	NIL	NIL
<b>Hypothesis 4b</b>	Familiarity & Involvement	Regression	Not Significant	0.518

## **4. Conclusion**

One study showed that the quality rating of store brands increased by 21 percent, if the store had an attractive store atmosphere (Richardson, Jain & Dick, 1996)<sup>4</sup>. Thus, it is not only the quality of the products offered but also how the store is managed that influence the image of store brands. The case study of Tesco, as well as prior academic studies, suggests that a favourable store image may influence consumers’ perceptions of store brands which eventually affects decision making (Martenson, 2007)<sup>5</sup>. Therefore, store image was the biggest indicator to influence customers’ decision to buy corporate brand because many thought that Tesco is well established and a corporation with good reputation. Hence, store image becomes the main reason of why the customers purchase corporate store brand (Easterby-smith 2000)<sup>6</sup> compared to

other variables for instance food product characteristics, familiarity and involvement, as well as price which has been eliminated due to low factor loading value.

According to the study, food product characteristic is the factor that influences consumer the most in decision making when they buy famous product brand. In this study there are three components of food product characteristics being tested; quality, value for money and packaging. Quality is the extent to which products, services, processes, and relationships are free from defects, constraints, and items which do not add value for customers. When something is what you expect it to be then it is perceived as quality. Thus, quality is a fulfilment of expectation. Consumers nowadays look into quality especially when they purchase food product. It is something that he or she consumed into the body and which is why quality always comes first before other factors. Value for money is the utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price but also on the maximum efficiency and effectiveness of the purchase. This brings about the meaning that, whatever an amount that a consumer spend on a food product, it is considered value for money or worth it when the money spend is equal to the benefits they get. Satisfaction is achieved in this manner. Packaging is what people see before they get hold or taste of what's inside a food product. Product look influences consumers in diversity of ways. Insights into the different ways in which appearance characteristics, such as form and colour, is proven to be able to influence consumer choice, and by differentiating the roles played by product appearance managers can make a better use of packaging and labels as marketing tools (Yu and Boggs 2006)<sup>7</sup>. Therefore, inappropriate choice of product package may lead to strategic marketing failure.

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