MALAYSIAN CONSUMER'S PURCHASE INTENTIONS TOWARDS PRIVATE LABELS

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Abstract— This research was conducted with a purpose of examining the relationship among Malaysian consumer's purchase intentions towards private labels and the variables such as collectivism culture and consumer's perceived risk. Two research hypotheses were proposed to attain research purpose. Consumers of famous retail stores (e.g. Tesco, Giant etc.) at Malaysian state (Selangor) were chosen as a sampling framework for this study. The assumed sample size was 400. The outcome shows that there was relationship found among all the given variables, which means that both of the research hypotheses were found to be supported.

Index Terms— Marketing, Consumer, Purchase Intention, Branding, Private Labels

I. INTRODUCTION

The cost of living in Malaysia has been increased over the last few years due to high pressure of inflation. This has led to the fact that people start preferring low cost products for their maintenance of life. In fact, this is turned out to be one of the major reasons for increased demand of private labels in Malaysia (Chen, 2009). The retailers like Tesco, Carrefour, Jusco and Giant had shown a rapid growth through promotion of private labels (Ogilvy and Mather, 2009). According to (Nielsen Company, 2009) the private labels are preferred by the consumers of Malaysia due to certain factors like low price, appropriate quality and fulfillment of basic needs. Indeed, the retailer's strategy behind launch of private labels is to manufacture an alternate to national brand with the similar quality but rather low cost. Conventionally, the packing of private labels were of black and white color. Moreover, they were usually placed at the bottom of rack inside retail stores (Kumar and Steenkamp, 2007a). However, as per the recent trend, much more enhanced packaging are introduced by the retailers that is meant to provide an impression of ideal product to the consumers in terms of appropriate in price and quality. Thus, one can observe that innovation is begun to be applied by the Malaysia retailers as a source of promotions in the sector of private labels (Kumar N. and Steenkamp, 2007b). Anyhow, the private labels were observed to be among less focused areas in terms of academic studies to provide valuable information to these retailers. Especially, in terms of determining the relationship of consumer's purchase intentions of private labels and Extrinsic/Intrinsic variables such as collectivist culture and perceived risk.

Based on above mentioned background, the purpose of this study is to examine the relationship among Malaysian consumer's purchase intentions of private labels and variables such as perceived risk and collectivist culture.

II. LITERATURE REVIEW

A. To Collectivist culture and private label branding

Generally, the collectivist culture is adopted by the countries of ASEAN; this means that high importance is given to the status and faces of people. As per the report of Hofstede (1980) Malaysia is one of the highest ranked countries in terms of scale in collectivism. Schutte and Ciarlante (1998) defined collectivist culture as a feeling of other in collective (group) form. This can lead to an increase in conspicuous consumption. For instance, under the collectivist culture, status can be reflected through dress, and people using famous brands may form it as part of their behavior. In similar, harmony is placed high value under collectivist culture, plus the opinions and views of one's family and social groups. On the other side, consumers make their own choices while making purchase under individualistic culture (Triandis, 1995). Thus, Malaysian consumers, in terms of making purchase intentions towards private labels can be influenced by the collective culture based around them.

Hypothesis 1: There is a positive relationship between Malaysian consumer's purchase intention towards private labels and their collectivist based culture.

B. Perceived risk and private label brands

The previous literature, although in very less amount, found level of perceived risk as being crucial factor towards purchase intention of consumers towards private labels (Bettman, 1974; Richardson et al, 1996). According to Dunn et al (1986) that such perceive risks can be gauged financial, performance or social criterion. Moreover, it is explained by Bauer (1967) that national brands are usually preferred by

the consumers over the fact that perceived risks regarding private labels are high. The questions arises that what are the determinant of high risk while purchasing private labels by the Malaysian consumers then? According to Narasimhan and Wilcox (1998) these risks could either be making a mistake in the purchase of private labels or consumer's consideration on the degree of inconvenience over making their mistake. Therefore, one can assume that the product category of baby food be more risky in terms of purchase rather than several other product categories such as groceries and toiletries. Additionally, social ridicule related to purchase can also bring risks in the mind of consumers; even so the price is very less. As mentioned by Livesey and Lennon (1978) argue that private labels are inhibited by the social risks. For instance, several English people are observed to be consuming private tea labels for their own use, but when it comes to serving tea to the guests, they prefer national brand usually.

Hypothesis 2: There is a negative relationship between Malaysian consumer's purchase intention towards private labels and their perceived risk of purchasing.

The conceptual model of this study proposed the relationship to be examined among consumer's purchase intentions towards private labels and three other variables such as collectivist based culture and consumer's perceived risk. Figure 1.1 presents the conceptual model of this study.

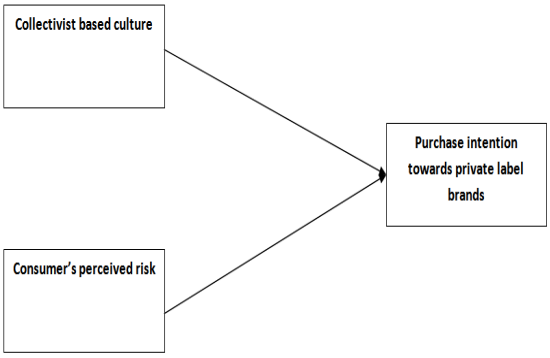


Figure 1.1: Conceptual model of the current study

III. RESEARCH METHODOLOGY

For the purpose of examining the conceptual model of this study, a survey based study was conducted by the researcher. Consequently, to measure the research variables, a survey questionnaire was prepared using five point likert-scale (1= strongly disagree; 5= strongly agree). In additions to this, several demographic based questions were asked by the respondents such as their age, gender, salary, marital status, and house hold size.

Consumers of famous hypermarket stores (e.g. Tesco, Giant, Econsave, NSK etc.) at Malaysian state (Selangor) were chosen as a sampling framework for this study. The study was non-probability based, considering the fact that total numbers of units in the entire population were unknown. The distribution process of survey questionnaire contained around 800 private label consumers as being respondents of this study. Nevertheless, only 413 of those respondents were ultimately found to be participants through returning back the questionnaire. 13 of the questionnaire were found to be inaccurate or not fully filled. Therefore, these were not considered for the study. Ultimately, 400 were assumingly chosen as an appropriate sample size of this study. This referred to an approximate 50% respondent rate.

IV. STUDY RESULTS AND LIMITATIONS

For examining the hypotheses of this research, the given variables were tested through linear regression method. SPSS software was used for such statistical analysis. The analysis revealed in support of both research hypotheses. The results found relationship between consumer's purchase intention towards private label brands and the selected variables like collectivist based culture ($r=0.246$; $p<0.05$) and consumer's perceived risk ($r=-0.93$; $p<0.05$).

Considering the fact that there is always a room for betterment, the researcher found some limitations in the current study. First, more genuine and efficient outcomes can be expected through increased sample size. Second, a more precise study towards demographic variables may much more efficient outcomes such as a study for only one gender type (male or female).

CONCLUSION

The applicability of the proposed framework of this study is obvious within the context of this particular research. The support of both research hypotheses indicates that research model is supported as well. However, the relationship among collectivist based culture and the purchase intentions of consumers towards private labels is found to be very weak, which means that consumer's purchase intentions may not possibly be increased more than slight with the change of collectivist based culture within Malaysian consumers. In contrast, the relationship between consumer's purchase intentions and their perceived risks is found to be very strong, referring to the fact that consumer's purchase intentions might possibly be changed highly to increase in their perceived risk about products.

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