

Tran, Ellie; Balas, Ayse N.; Shao, Chris Y.; Dubinsky, Alan J.; Jackson, Larry

## Article

# Influence of brand differential on motivation to conform and manufacturer versus store brand purchase intention

International Journal of Business Science & Applied Management (IJBSAM)

## Provided in Cooperation with:

International Journal of Business Science & Applied Management (IJBSAM)

*Suggested Citation:* Tran, Ellie; Balas, Ayse N.; Shao, Chris Y.; Dubinsky, Alan J.; Jackson, Larry (2014) : Influence of brand differential on motivation to conform and manufacturer versus store brand purchase intention, International Journal of Business Science & Applied Management (IJBSAM), ISSN 1753-0296, International Journal of Business Science & Applied Management, s.l., Vol. 9, Iss. 1, pp. 13-23

This Version is available at:

<https://hdl.handle.net/10419/190650>

## Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

## Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by/2.0/uk/>

## **Influence of brand differential on motivation to conform and manufacturer versus store brand purchase intention**

Ellie Tran

Dillard College of Business Administration

Midwestern State University, Wichita Falls, TX, U.S.A.

Telephone: +1 (940) 397-4248

Email: ellie.tran@mwsu.edu

Ayse N. Balas

College of Business and Economics

Longwood University, Farmville, VA, U.S.A.

Telephone: +1 (434) 395-2142

Email: balasan@longwood.edu

Chris Y. Shao

Dillard College of Business Administration

Midwestern State University, Wichita Falls, TX, U.S.A.

Telephone: +1 (940) 397-4248

Email: chris.shao@mwsu.edu

Alan J. Dubinsky

Midwestern State University, Wichita Falls, TX, U.S.A. and

Purdue University, West Lafayette, IN, U.S.A.

Telephone: +1 (940) 397-4248

Email: dubinsky@purdue.edu

Larry Jackson

Dillard College of Business Administration

Midwestern State University, Wichita Falls, TX, U.S.A.

Telephone: +1 (940) 397-4248

Email: larry.jackson@mwsu.edu

### ***Abstract***

Relationships and characteristics that influence consumers' purchase decision between store brand and manufacturer brand product offerings have emerged as an interesting and practical area of research. From a management perspective, understanding the process by which consumers make purchase choices between these brand offerings would lead to both theoretical and practical applications. Therefore, this study attempts to enhance understanding about the factors that influence consumers' manufacturer versus store brand purchase decisions. A conceptual model is developed to integrate the manner by which a consumer's motivation to conform to the perceived social norm of purchasing manufacturer brand products influences this purchase decision. The model is tested using survey data. Findings indicate the importance of the intensity of perceived differences between store brand and manufacturer brand product offerings in affecting consumers' purchase intention of these products. The relationship is also mediated by consumers' motivation to conform to manufacturer brand products in their purchase decision.

**Keywords:** manufacturer brand, store brand, brand differential, motivation to conform

**Acknowledgements:** The authors gratefully acknowledge the reviewers and editor for invaluable input and encouragement.

## 1 INTRODUCTION

According to Private Label Manufacturers' Association (2013), private label brands garnered 17 percent market share and a record-breaking \$108 billion in 2012, and private labels have been outpacing national brands by more than a 2:1 margin since 2009. Furthermore, the 2013 *Private Label Yearbook* averred that almost one-quarter of all units sold in grocery stores in 2012 were private label options (Private Label Manufacturers' Association 2013). Moreover, a study by Nielsen (2011) found that two-thirds of global consumers in developed markets in Europe, the Pacific, and North America perceived private label brands to be a very viable alternative to national brands. The foregoing highlights the seeming unabated success private label products have been capturing.

Stocking private label product lines gives a retailer more discretion over the products to be managed. Store brand product lines also, among other things, allow retailers to take advantage of the effects of "umbrella branding," which occur when the same brand name is carried across multiple product categories, as is often the case with store brand products (Chintagunta, 2002).

Notwithstanding the salutary impact that private labels can have for retailers, as well as the tremendous growth in private label offerings, selling private label products can be a double-edge sword. Indeed, differences in objective or perceived product attributes and marketing activities between manufacturer and store brands may cause different perceptions and preferences among consumers (Baltas, 2004)—both favourable and unfavourable. Consequently, store brand products are not always preferred or purchased by consumers. In fact, many consumers make a conscious effort to purchase manufacturer brands, even when they are priced higher than store brand counterparts (Albayrak and Aslan, 2009; Dick, Jain, and Richardson, 1995; Govender and Govender, 2013; Sethuraman and Cole, 1999; Sethuraman, 2000).

Research has found that store brands are viewed as more risky than manufacturer brands (Sheau-Fen, Leong, and Yu-Ghee, 2012). Manzur, Olavarrieta, Hidalgo, Farias, and Uribe (2011) discerned that consumers' manufacturer brand loyalty increases their favourable attitude toward the manufacturer's brand and decreases it toward the store brand. Martínez-Ruiz, Jiménez-Zarco, Barba-Sánchez, and Izquierdo-Yusta (2010) ascertained that consumers' level of satisfaction with store brands was partly a function of the quality image of the store. Therefore, identifying variables that influence consumers' store brand or manufacturer brand purchase intention would enable brand managers to better understand and influence this decision.

To assist practitioners in the foregoing issue, the present study examined the relationship between variables identified as influencing factors in the purchase of manufacturer versus store brand *grocery* products. Grocery offerings were utilized as the focal point to be consistent with much extant work that has examined national versus private label products in a grocery context (e.g., Boutsouki, Zoto, and Masouti, 2008; Huang and Voges, 2011; Kumar, Reddy, and Mahathi, 2014; Mandhachitara, Shannon, and Hadjicharalambous, 2007; Wyma et al., 2012). In addition, because of astronomical growth private brand grocery products have experienced over the past several years (Strom, 2013), focusing on national versus private label products in a grocery context seemed especially pertinent from a marketing management perspective.

Study variables included *brand differential*, which could conceivably affect consumer's store brand purchase intention. In addition, the effect of *social influence* on the store brand purchase decision is investigated. This is explored by examining a consumer's *motivation to conform* to the intention to purchase a manufacturer brand offering (*purchase intention*). Further, a consumer's motivation to conform to buy manufacturer brand products is purported to *mediate* the relationship between brand differential and a consumer's intention to purchase the manufacturer brand of a given product offering. For reader clarity and consistency, the definition of *private label* or *store brand* used throughout this paper is a brand "created and owned by a specific chain of stores" (Murphy, 1987, p. 7).

The three foregoing constructs were included in the present work for several reasons. First, all three have been examined extensively in a national versus private brand context (as will become apparent below). They have not, however, been considered *collectively* in extant published research. Exploring this concatenation has merit to discern *how* the variables relate with one another. Second, purchase intention was included because intention is considered the *immediate precursor* of an individual's behaviour (Fishbein and Ajzen, 1975). As such, it is regarded as an especially critical construct in the study of consumer behavior (e.g., Solomon, 2012). Third, most empirical efforts focusing on the national-private brand dichotomy were conducted over ten years ago. Only recently (as noted below) have scholars resumed reconnoitring it. Given the economic swoon that enveloped much of the world beginning in 2008, empiricism pertaining to the foregoing issue seems apposite owing to macro-environmental differences between the earlier studies and current conditions.

## 2 CONCEPTUAL MODEL

The proposed conceptual model (Figure 1) incorporates three variables: brand differential, motivation to conform to the norm of purchasing manufacturer brand products, and intention to purchase the manufacturer brand of a given product offering. Brand differential is proposed to directly influence a consumer's motivation to conform to the norm of purchasing a *manufacturer brand* product, as well as intention to purchase the manufacturer (rather than the store) brand of a given product offering. In addition, motivation to conform to the norm of purchasing manufacturer brand products is purported to *mediate* the relationship between brand differential and a consumer's intention to purchase the manufacturer brand of a given product offering.

### 2.1 Brand Differential

For the purpose of this study, brand differential is defined as the *perceived difference* between the store brand and the manufacturer brand offering of the *same type* of product (Dick, Jain, and Richardson, 1995; Erdem, Zhao, and Valenzuela, 2004; Sethuraman and Cole, 1999). Such differences include both *extrinsic* cues (i.e., indirect indicators)—such as brand name, advertising, and packaging—and *intrinsic* cues (i.e., direct indicators)—such as ingredients, taste, and product quality (Dick, Jain, and Richardson, 1996).

### 2.2 Motivation to Conform

Motivation to conform to purchase a *manufacturer's* brand product is derived from the consumer's level of internal recognition and importance placed on his or her social influence driving conformity toward the manufacturer's brand when making a product purchase decision (Ailawadi et al., 2001; Bearden and Rose, 1990). It encompasses how an individual's "significant others" feel about some topic (i.e., here it deals with their affect toward the purchase of a manufacturer's brand offerings) and the degree to which the individual desires to comply with those feelings. This construct is a major component of the theory of reasoned action developed and promulgated by Fishbein and Ajzen (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975).

The theory propounds that the two major precursors of an individual's behavioral intention are his/her attitude toward the behavior and subjective norm (of which motivation to conform is a crucial variable). Attitude measures the degree to which the individual has a favourable or unfavourable evaluation toward the behaviour. Subjective norm assesses the impact that peers have on one's intention to act. Attitude and subjective norm are posited to shape the individual's behavioral intention, which directly influences one's actual behavior. The theory has obtained relatively strong empirical support (e.g., Albarracin et al., 2001; Hale, Householder, and Greene, 2002; Randall and Wolff, 1994). The motivation to conform feature of the theory is particularly apropos in the current context, as scholars have found that various aspects of social conformity are related to one's intention to purchase manufacturer brand products (as discussed below).

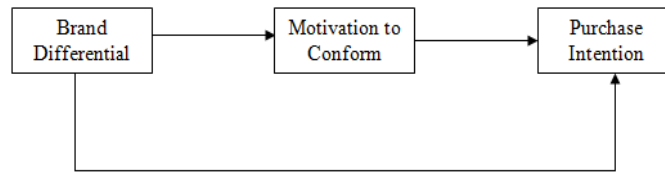
Admittedly, some scholars have found that consumers may attempt to "escape" the social influence placed on them (e.g., Labrecque, Krishen, and Grzeskowiak, 2011). Nonetheless, a plethora of research has ascertained that social influence has a strong impact on whether consumers purchase a national or store brand product. Kavmark, Powers, and Sandahl (2012) promulgated that social risk—"pressures from consumers' peers to act a certain way, or behave a certain way"—will likely affect what they buy. For instance, if one feels that his/her counterparts regard a particular product inimically, then he/she will eschew that offering to avoid negative repercussions that could ensue by deviating from the group "standard". Zielke and Dobbelsstein (2007) examined social risk vis-à-vis grocery products. They observed that, when considering making a purchase in a high social risk product class, the purchaser may opt for the national brand rather than its private label alternative. Indeed, Kavmark, Powers, and Sandahl (2012, p. 7, 8) asserted, "Private label brand success is greater in product categories where social factor is less influential...[P]rivate labels have failed...due to the high influence level of social pressure."

Mandhachitara, Shannon, and Hadjicharalambous (2007) found that a sense of belonging induces consumers to be more inclined to purchase national rather than private label grocery brands. The researchers' rationale was that individuals identify themselves—at least partially—with respect to their social groups, as well as with those with whom they have direct and recurring contact. Accordingly, if consumers have strong social commitment to their respective groups, the more they perceive the group as partially defining who they are. They thus accommodate to group norms to maintain "...social harmony, interpersonal sensitivity, conformity, and readiness to be influenced by other people" (p. 74).

### 2.3 Purchase Intention

Purchase intention is defined as a consumer's intention to purchase the manufacturer versus store brand of a given product offering. Ajzen and Fishbein (1980) and Fishbein and Ajzen (1975) averred that behavioral intention is the immediate antecedent of an individual's behavior. Accordingly, purchase intention is considered to be an especially important construct in consumer behavior research (e.g., Solomon, 2012).

**Figure 1: Conceptual Model**



### 3 HYPOTHESES

#### 3.1 Effects of Brand Differential on Motivation to Conform and Purchase Intention

Some individuals reluctant to opt for store brands regard these offerings as possessing lower quality, fewer reliable ingredients, and decreased nutritional value (Dick, Jain, and Richardson, 1996); such perceptions are redolent of a brand differential with national brands. Brand differential may influence the motivation to conform in a consumer's purchase decision. Conceptually, Lascu and Zinkhan (1999) proposed that the level of brand differential is one of the brand characteristics that affect consumers' tendencies to exhibit conformity in their purchase decisions. As the differences between the store brand and manufacturer brand products become more pronounced, brand differential increases. As brand differential augments, consumers affected by social influence will be more likely to exhibit greater motivation to conform.

An increase in motivation to conform will increase the likelihood of a purchase intention aligned with the subjective norm (e.g., Ajzen and Fishbein, 1970; Fishbein and Ajzen, 1975). Proclivity to *purchase the manufacturer brand is partially a function of the subjective norm*, which has been supported empirically by Ailawadi, Neslin, and Gedenk (2001) and Sethuraman (2000). Kavmark, Powers, and Sandahl (2012) indicated that when social risk is high, consumers are inclined to opt for the manufacturer brand. Moreover, Wyma et al. (2012) observed that consumers inclined to be "conformist" in their behaviour tend to be somewhat more likely to opt for national brand grocery products.

**H1:** As the perceived brand differential between a manufacturer's brand product and a store brand product increases, consumers' motivation to conform to the norm of purchasing a manufacturer's brand product will increase.

Neslin and Gedenk (2001) observed that motivation to conform, as a psychographic variable, directly influences purchase intention. Furthermore, Dick, Jain, and Richardson (1996) empirically supported a direct relationship between store brand purchase behaviours and types of cues used when consumers evaluate product quality. Moreover, they discerned that consumers more reluctant to select store brands considered such products to have reduced quality, fewer reliable ingredients, and less nutritional value (thus brand differential). Sethuraman and Cole (1999) reported that, as the perceived quality differential between manufacturer and store brand products increases, consumers are willing to pay a higher price premium for the manufacturer brand product. Also, Huang and Voges (2011) discovered that consumers have a lower propensity to purchase private label products when they perceived a larger quality difference between the two types of products (the difference being in favour of the manufacturer's brand).

**H2:** The stronger the perceived brand differential between a manufacturer's brand products and store brand products, the weaker consumers' intention to purchase a store brand product.

#### 3.2 Effects of Motivation to Conform on Purchase Intention

Purchase intention is conceptualized on a scale from the intention to purchase store brands to the opposite dimension, the intention to purchase manufacturer brands. Because the manufacturer's brand has been the traditional product choice, it is proposed that the relationship between motivation to conform and purchase intention will operate in such a manner that as motivation to conform increases, consumer purchase intention will shift toward an intention to purchase the manufacturer brand product offering (Ailawadi, Neslin, and Gedenk, 2001). In fact, Sethuraman and Cole (1999) discerned that motivation to comply is unrelated to consumer usage of store brands. Also, El Din and El Sahn (2013) found that conformity influences consumers' intention to purchase global luxury brands. And, as noted earlier, other scholars have found a positive association between various measures of social conformity and propensity to purchase national brands (e.g., Kavmark, Powers, and Sandahl, 2012; Mandhachitara, Shannon, and Hadjicharalambous, 2007; Zielke and Dobbelsstein, 2007).

**H3:** The stronger consumers' motivation to conform to purchasing a manufacturer's brand product, the weaker their intention to purchase a store brand product.

### **3.3 Mediating Influence of Motivation to Conform between Brand Differential and Purchase Intention**

Prior work has examined the *direct* relationship between the foregoing constructs. No published research, though, could be found that captured the mediating impact of motivation to conform on the association between brand differential between manufacturer brand products and store brand products and purchase intention of store brand products. The exclusion of this mediating variable could weaken the relationship between variables of interest, thus leading to an inaccurate picture of their true effect. Therefore, reconnoitring this situation seems critical.

Previous research suggests that the relationship between brand differential and purchase intention may be mediated by motivation to conform. Conceptually, Lascu and Zinkhan (1999) suggested that brand differential directly influence motivation to conform. In a separate empirical study, motivation to conform has been found to directly influence purchase intent (e.g., Ailawadi, Neslin, and Gedenk, 2001). In addition, Sethuraman and Cole (1999) supported the direct relationship between brand differential and purchase intention. Based on the foregoing research, conceivably the relationship between brand differential and purchase intention is mediated by motivation to conform.

**H4:** Consumers' motivation to conform to purchase a manufacturer's brand product mediates the relationship between brand differential between a manufacturer's brand product and a store brand product and purchase intention of a store brand product.

## **4 METHOD**

### **4.1 Survey Design and Administration**

This study was limited to products in the *grocery* industry. (Although store brands have proliferated beyond the grocery industry, the scope of this research was limited to the grocery industry partly to reduce empirical complexity.) A survey instrument was administered to a sample. Attempts were made to ensure that participants completed the questionnaire under similar conditions. This was done by including an introductory paragraph containing a description of a typical shopping experience in hope of eliciting respondents' customary behaviour. Subjects were asked to imagine the scenario as though they were actually completing the activity described. The aim of this contextual setup was to replicate the decision environment in which grocery purchase decisions are normally made. Hence, the scenario was as follows:

*Imagine the store where you normally buy your groceries. Picture yourself walking through the aisles on a typical shopping trip.*

After reading the foregoing scenario, respondents were then asked to do the following:

"Pick an item (from the list below) that you purchase frequently and you plan to purchase during this shopping trip:"

Respondent product choices for that selection were water, laundry detergent, soup, juice, or toilet paper. These alternatives were chosen because they are prevalent in extant germane research (e.g., Boutsouki, Zoto, and Masouti, 2008; Huang and Voges, 2011; Kumar, Reddy, and Mahathi, 2014; Mandhachitara, Shannon, and Hadjicharalambous, 2007; Wyma et al., 2012).

### **4.2 Sample**

For convenience the sample consisted of corporate office employees of a major U.S. airline. The researchers sought and obtained company cooperation from management. A cover letter accompanying the questionnaire stated that university researchers unaffiliated with the firm were conducting the investigation and that company management encouraged employee participation. Surveys were administered between Christmas and New Year's Day at manager-selected staff meetings. Participants were asked to participate on a voluntary basis and informed that the results would be used in an aggregate, anonymous basis for purposes of academic research. A total of 236 were distributed, with 12 eliminated because of incomplete information. Therefore, data analyses were performed on information provided from 224 respondents, for an effective response rate of 95%.

In the sample, 59% were married. Income was distributed over a range with 8% reporting annual household income of less than \$10,000, 36% between \$10,001 and \$30,000, 27% between \$30,001 and \$50,000, as well as between \$50,001 and \$80,000, and 4% in excess of \$80,000. Sixty-three percent of the sample purchased their groceries from super center discounters; the rest shopped at traditional supermarkets. Over two-thirds of the sample lived in households without children (69%), but 15% lived with one child, 16% lived with two, and 2%

lived with three or more. The majority of the sample resided in households with two adults (55%), 24% resided alone, and 17% lived with three adults. Respondents tended to be the primary shopper in their household.

#### 4.3 Measures

Study variables—brand differential, motivation to conform, purchase intention—were measured using a 5-point Likert-type scale in accordance with suggestions outlined by McCall (2001). *Brand differential* was assessed using four items (coefficient  $\alpha = 0.97$ ): “The store brand and manufacturer brand of this product are very different,” “The overall value of the store brand of this product is better than that of the manufacturer brand,” “The ingredients/materials used in the store brand of this product are the same as that of the manufacturer brand of this product,” and “I expect that the quality/performance of the store brand and the manufacturer brand of this product will be the same” (5 = strongly agree to 1 = strongly disagree). These items were adapted from Dick, Jain, and Richard (1995), Erdem, Zhao, and Valenzuela (2004), Lascu and Zinkham (1999), and Sethuraman and Cole (1999).

*Motivation to comply* was measured with four items (coefficient  $\alpha = 0.85$ ): “The product that is most popular is the best one,” “I tend to buy the product that is most popular since it is the best choice,” “If I make a good choice between these two brands, I will gain social respect,” and “People who make a bad choice between these brands will lose respect” (5 = strongly agree to 1 = strongly disagree). Items were adapted from Ailawadi et al. (2001), Bearden and Rose (1990), Bonfield (1974), Boush, Kim, Kahle, and Batra (1993), and Lascu and Zinkham (1999).

*Purchase intention* was measured with two items (coefficient  $\alpha = .92$ ) adapted from Bonfield (1974), Dodds, Monroe, and Grewal (1991), and Swinyard (1993): “When I purchase this product I will buy the store brand” and “When the people I know are going to buy this product, I will recommend that they buy the store brand” (5 = strongly agree to 1 = strongly disagree).

Exogenous and endogenous variables were obtained from the same source. Therefore, to detect the existence of common method variance, Harman’s one-factor test was conducted (Podsakoff and Organ 1986). In this procedure, a confirmatory factor analysis (CFA) model was estimated with a single factor and its fit was compared to the fit of a model with the three latent variables (Podsakoff et al. 2003; Ramani and Kumar 2008). If a one-factor model fit the data as well as the three-factor model, then common method variance would be a significant problem (Korsgaard and Roberson 1995). The one-factor model yielded a chi-square of 544.69 (d.f. = 27). The chi-square difference between the one-factor model and the three-factor model presented was significantly worse [ $\chi^2_{3\text{-factor model}} = 71.28$  with 24 d.f.]. Thus, common method bias was not a serious threat in this study.

## 5 ANALYSIS AND RESULTS

### 5.1 Data Analysis

The psychometric properties of the measures were evaluated by CFA using AMOS software (Gerbing and Anderson, 1988; Hair et al., 2010). Shown in Table 1 is the correlation matrix of study variables. Construct validity was investigated by assessing convergent and discriminant validity. Convergent validity was examined by checking factor loadings and construct reliability. The standardized factor loadings ranged between .72 and .99 (Table 2, panel B), which were above the suggested value of .70 (Hair et al., 2010). Furthermore, as shown in Table 2 in panel A, all constructs exhibited construct reliabilities above .70, which indicated strong support for convergent validity.

Discriminant validity of the measurement model was assessed by two different procedures. First, correlation parameters between two constructs were set to 1.0, and then the  $\chi^2$  value of this model was compared with the  $\chi^2$  value of the unconstrained model (Anderson and Gerbing, 1988). This procedure was conducted for one pair of constructs at a time. Because the unconstrained model had a significantly lower  $\chi^2$  value than that of the constrained model for each pair, the results confirmed the discriminant validity of the model (Bagozzi and Phillips, 1982). Second, a procedure suggested by Fornell and Larcker (1981) that is accepted as a more demanding test was conducted to test for discriminant validity (Grewal, Cote, and Baumgartner, 2001). Based on this procedure, average variance extracted values (AVE) were calculated for each construct and then compared with its highest shared variance with other constructs in the model. The results indicated that the AVE value for each factor was larger than its highest shared variance (Table 2, panel A). Thus, all factors in the measurement model demonstrated discriminant validity.

**Table 1: Correlation Matrix for Measurement Scales**

Variable	1	2	3	4	5	6	7	8	9
bd01	1								
bd02	.878	1							
bd03	.899	.965	1						
bd04	.839	.860	.869	1					
mc01	.225	.311	.257	.285	1				
mc02	.343	.446	.365	.391	.728	1			
mc03	.351	.398	.342	.421	.585	.646	1		
pi01	-.365	-.435	-.387	-.417	-.237	-.360	-.357	1	
pi02	-.382	-.464	-.416	-.414	-.249	-.377	-.337	.845	1
Mean	2.649	2.897	2.869	3.103	3.205	3.019	3.420	3.126	3.197
SD	1.637	1.683	1.769	1.606	1.000	1.066	.984	1.182	1.235

NOTE: All correlations are significant at  $p < .01$ .

**Table 2: Measurement Model**

A: Scale Properties of the Three Latent Variables						
		Coefficient	Construct	Average Variance	Highest Shared	
Construct		Alpha	Reliability	Extracted	Variance	
Brand Differential (BD)		.97	.92	.74	.22	
Motivation to Conform (MC)		.85	.85	.66	.18	
Purchase Intent (PI)		.92	.95	.90	.22	
B: Results of the CFA with Three Latent Variables						
		Standardized				
Indicator	Direction	Construct	Estimate	SE	t-Value	p
bd01	←	BD	.91	.09	17.25	0.00
bd02	←	BD	.98	.08	19.69	0.00
bd03	←	BD	.99	.09	20.04	0.00
bd04	←	BD	.88	.09	16.48	0.00
mc01	←	MC	.79	.06	12.98	0.00
mc02	←	MC	.91	.06	15.70	0.00
mc03	←	MC	.72	.06	11.57	0.00
pi01	←	PI	.90	.07	14.57	0.00
pi02	←	PI	.94	.07	15.52	0.00

## 5.2 Structural Model

The hypothesized model was estimated by using structural equation modelling using AMOS. The chi-square statistics ( $\chi^2 = 71.28$ , degrees of freedom [d.f.] = 24) was significant owing to the sensitivity of the sample size. However, other indices indicated an acceptable fit [GFI = .93, CFI = .98, NFI = .96, RMSEA = .096]. The CFI value of .98 was higher than the suggested cut-off value of .95 suggested by Hu and Bentler (1999). An RMSEA value of .096 indicated mediocre fit, as it satisfied the cutoff criteria of .10 (McCallum, Browne, and Sugawara 1996).

Results of the hypothesis testing are provided in Table 3. Specifically, brand differential was found to be positively associated with motivation to conform ( $\beta = .43$ , Standard Error [SE] = .04,  $p < .01$ ), thus supporting H1. Also, brand differential had a negative direct effect on store brand purchase intention ( $\beta = -.35$ , SE = .06,  $p < .01$ ), as hypothesized in H2. Findings further indicated support for H3, which posited a negative relationship between motivation to conform and store brand purchase intention ( $\beta = -.28$ , SE = .10,  $p < .01$ ).

The mediating effect of motivation to conform was tested by following the procedure suggested by Baron and Kenny (1986). Accordingly, three models were tested using AMOS. In the first model, the impact of brand differential (independent variable) on motivation to conform (mediator) was assessed. In the second model, the impact of brand differential (independent variable) on purchase intention (dependent variable) was tested. Finally, in the third model the impact of both brand differential (independent variable) and motivation to conform (dependent variable) on purchase intention was examined. According to Baron and Kenny (1986), in order to establish the mediating effect the three models must be confirmed in the predicted direction.

The results of the mediation analysis with major parameter estimates and  $\chi^2$  values for the three models are presented in Table 4. In the first model, brand differential had a significant and positive effect on motivation to conform ( $\beta = .43$ , SE = .04,  $p < .01$ ). The second model indicated that brand differential had a negative impact on purchase intention ( $\beta = -.46$ , SE = .05,  $p < .01$ ). Finally, in the third model it was established that both brand differential and motivation to conform both had a negative effect on purchase intention ( $\beta = -.46$ , SE = .08,  $p$



$<.01$ ;  $\beta = -.46$ ,  $SE = .08$ ,  $p <.01$ ). All three models had significant paths in the predicted direction, and the impact of brand differential on purchase intention in Model 3 was smaller than its impact in Model 1, and thus satisfied Baron and Kenny's criteria. The foregoing results reveal a partial mediation effect. Accordingly, H4 received some empirical support.

**Table 3: Results of the Hypothesis Testing**

Structural Model								
Construct	Direction	Construct	Standardized Estimate	SE	t-Value	p	Hypothesis	Conclusion
MC	←	BD	.43	.04	5.92	0.00	1	Supported
PI	←	BD	-.35	.06	-4.69	0.00	2	Supported
PI	←	MC	-.28	.10	-3.59	0.00	3	Supported

**Table 3: Results for the Mediating Effect of Motivation to Conform**

Independent Variable	Dependent Variables		
	Model 1: Motivation To Conform	Model 2: Purchase Intent	Model 3: Purchase Intent
Brand Differential	.43*(5.89)	-.46* (-6.98)	-.34* (-4.53)
Motivation To Conform			-.29* (-3.76)
$\chi^2$	58.19	26.97	71.28
df	13	8	24
p	0.00	0.00	0.00

Note: Values in parentheses are t values.

\*  $t \geq 2.326$ ,  $p <.01$  (one-tailed test)

## 6 DISCUSSION

This study provides empirical evidence regarding the importance of social influence on a consumer's purchase intention when deciding between manufacturer brand and store brand product offerings. This research extends prior work, as it incorporated a social influence variable—motivation to conform—to the norm of purchasing manufacturer brand products, to attempt to explain the relationship between a consumer's perceived brand differential between manufacturer brand and store brand products on purchase intention. Findings revealed that greater perceived difference between manufacturer and store brand products lead to stronger motivation to conform to the norm of purchasing manufacturer brand products and weaker intention to purchase store brand products. Also, a higher level of motivation to conform to the norm of purchasing manufacturer brand products conducted to a weaker purchase intention for store brand products. Further, results supported a mediating influence of motivation to conform on the brand differential → purchase intention relationship.

The current work contributes to theory building regarding the importance of the social influence of motivation to conform in the purchase intention decision between store brand and manufacturer brand product offerings. Specifically, this research infers that a brand differential cue serves as a social norm which consumers are motivated to follow when making purchase intention decisions. This is consistent with empirical work which ascertained that extrinsic factors influence private brand consumers (Bedi, Lal, and Kaur, 2014; Govender and Govender, 2013; Zainuddin and Burt, 2007).

### 6.1 Contributions to Theory

The findings offer support that motivation to conform is a *mediating* influence on the relationship between brand differential and purchase intention. This result provides new knowledge vis-à-vis previous work that has found a *direct* linkage between brand differential and purchase intention—which the present investigation also found. The theory of reasoned action (e.g., Fishbein and Ajzen, 1975) seemingly infers that motivation to conform (as a component of subjective norm) is an immediate precursor of an individual's behavioural intention. The current study suggests, however, that at least in a grocery products context, motivation to conform has *both* a direct and a mediating impact on a consumers' intention to purchase national brand products. Therefore, social influence seemingly has a multi-faceted effect on purchase intention of consumer nondurable commodity kinds of products. The current work thus contributes to theory building regarding the

importance of the social influence of motivation to conform on purchase intention between store brand and manufacturer brand product offerings. Of course whether this kind of effect would hold in other contexts remains an empirical question.

## 6.2 Contributions to Practice

Study findings offer several managerial implications. Results highlight the importance of social cues and perceptions of brand differential in the store versus manufacturer brand purchase intention decision. It is important for producers of both product brand types to understand the strategic implications: consumers' perceived brand differential helps determine their purchase intentions. Of the variables examined here, the perceived brand differential is seemingly the most actionable to use as a managerial tool. Motivation to conform, for practical purposes, is beyond the *direct* influence of marketing managers. As such, marketing managers should seek to fine tune the positions of their products through marketing mix variables to influence their target consumers' perceived brand differential in an optimal manner. Of course, where pertinent, they may attempt to incorporate reference/aspirational group themes into their promotions of their manufacturer branded products (e.g., "Be like Mike"—Gatorade commercial).

The manner of influence of brand differential that is most desirable is that which will increase the likelihood of shifting target consumer purchase intention toward the appropriate branded product offering. In particular, store brand product managers are advised to emphasize marketing mix variables in a fashion that might decrease the intensity of the existence of brand differential within the mind of their target consumer. Additionally, reducing the price of store brands might be beneficial, as it may well contribute favourably to consumer demand (Rubio and Yagüe, 2009). Also, store brand managers could work to improve the quality of their store brand products in efforts to reduce the perceived brand differential between manufacturer and store brand offerings (Choi and Coughlan, 2006). The foregoing thus suggests that store management emphasize the quality of store brand products to minimize perceived brand differential, as well as motivation to conform to manufacturer brands.

Manufacturer brand product managers could seek to maximize the existence of brand differential, as this is the context in which social influence (motivation to conform) apparently augments the likelihood of manufacturer brand product purchase intention. Advertising is an effective means of establishing and maintaining brand differential and insulating manufacturers from price competition of store brands (Ashley, 1998; Hoch and Banerji, 1993). Also, improving the quality and features of manufacturer brand offerings are important so as to keep brand differentials between manufacturer and store brands sufficient. Moreover, developing novel packaging, sizes, and product forms are other ways manufacturers may seek to establish feature differentiation (Choi and Coughlan, 2006).

## 7 LIMITATIONS AND FUTURE RESEARCH

Some limitations of this study merit attention. One limitation is the use of purchase intention instead of the actual purchase decision that would occur under typical shopping conditions. Intention was utilized owing to the difficulty of obtaining data for the actual purchase outcome. Another limitation pertains to use of a convenience sample of corporate employees. The sample is unlikely to be sufficiently representative of the population of consumers. Finally, social desirability might be a concern. Social desirability deals with respondents' tendency to answer survey questions based on social acceptability rather than their true feelings (Podsakoff et al., 2003). If this bias exists, responses would be heavily skewed toward the positive end, and the variation would be limited (Sethi and Iqbal, 2008). Perusal of the means and standard deviations of each item, however, suggested that social bias is unlikely to be a major concern in the present work.

Future research in the area of consumer purchase decision making between store and manufacturer brand products appears warranted. Additional empirical work is needed to understand how social influence affects consumer purchase decisions within this context. Utilizing alternative methodological approaches than those used here to better simulate the actual purchase decision would be beneficial; doing so should enhance understanding of consumer patterns of behaviour involved in the study's underlying theory. For example, a field experiment conducted in an actual purchase decision setting would provide an increased level of external validity. Other mixed methods approaches could include use of in-depth interviews, which may afford scholars opportunity to identify enhanced prospective rationales behind the findings revealed here. Such interviews could offer additional and augmented practical managerial implications in terms of how managers can motivate consumers to buy store brands.

Also, results revealed the importance of motivation to conform as a social influence that affects purchase intention and mediates the relationship between brand differential and purchase intention. An interesting issue would be to investigate other measures of consumers' use of and reliance on social cues in their store brand product purchase decisions.

As noted earlier, objective and subjective product attributes may cause differential consumer perceptions. The present work did not consider whether consumers' product perceptions (subjective) were consistent with

objective product attributes. “[C]orrespondence between self-assessed and actual validity is an important issue for the study of consumer decision making” (Alba and Hutchinson, 2000, p. 123). An intriguing research issue would be to examine the influence of that correspondence on consumer purchase intentions.

The present work considered one context—grocery stores. Shopping in a particular grocery store may well be a function of one’s shopping habit (à la store loyalty). Therefore, future efforts should test the model employed here in the grocery venue and in additional settings to ascertain whether differences emerge across contexts.

Finally, subsequent work should explore this model vis-à-vis differences across various kinds of demographic characteristics. These might include, for example, household income, living arrangement (i.e., living alone versus living with other[s]), gender, and age. Inclusion of such factors might provide enhanced detail about the robustness of the study’s model.

## REFERENCES

- AC Nielsen (2011). Nielsen Global Private Label Report. [Online] Available: <http://blog.nielsen.com/nielsenwire/consumer/the-global-staying-power-of-private-label/> (25 June 2011).
- Ailawadi, K., Neslin, S., and Gedenk, K. (2001). Pursuing the Value-Conscious Consumer: Store Brands Versus National Brand Promotions. *Journal of Marketing*, 65(January), 71-89.
- Ajzen, I., and Fishbein, M. (1970). The Prediction of Behavior from Attitudinal and Normative Variables. *Journal of Experimental Social Psychology*, 6(4), 466-487.
- Ajzen, I., & Fishbein, M. (1980). *Understanding Attitudes and Predicting Social Behavior*. Englewood Cliffs, NJ: Prentice-Hall.
- Alba, Joseph W., and J. Wesley Hutchinson (2000). Knowledge Calibration: What Consumers Know and What They Think They Know. *Journal of Consumer Research*, 27(September), 123-156.
- Albarracin, D., B.T. Johnson, M. Fishbein, and P.A. Muellerleile (2001). Theories of Reasoned Action and Planned Behavior As Models of Condom Use: A Meta-Analysis. *Psychological Bulletin*, 127(1), 142-161.
- Albayrak, Mevhibe, and Aslan, Zekiye (2009). A Comparative Study of Consumer Preferences for Manufacturer or Private Labelled Food Products. *African Journal of Business Management*, 3 (November), 764-772.
- Anderson, James C. and David W. Gerbing (1988). Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach. *Psychological Bulletin*, 103(3), 411-423.
- Ashley, Susan R. (1998). How to Effectively Compete Against Private-Label Brands. *Journal of Advertising Research*, 38(1), 75-82.
- Bagozzi, Richard P. and Phillips, Lynn W. (1982). Representing and Testing Organizational Theories: A Holistic Construal. *Administrative Science Quarterly*, 27, 459-489.
- Baltas, George (2003). Combined Segmentation and Demand Model for Store Brands (2003), *European Journal of Marketing*, 37(10), 1499-1513.
- Bedi, Sarbjit Singh, Lal, Amit Kumar, and Kaur, Sukhwinder (2014). Private Labels Brands: A New Choice for Organised Retailing Consumers in Punjab, *Asian Journal of Research in Social Sciences and Humanities*, 4 (January), 171-176.
- Bearden, W. O., and Rose, R. L. (1990). Attention to Social Comparison Information: An Individual Difference Factor Affecting Consumer Conformity. *Journal of Consumer Research*, 16(4), 461-472.
- Bonfield, E. H. (1974). Attitude, Social Influence, Personal Norm, and Intention Interactions as Related to Brand Purchase Behavior. *Journal of Marketing Research*, 11, 379-389.
- Choi, S. Chan and Coughlan, Anne T. (2006). Private Label Positioning: Quality versus Feature Differentiation from the National Brand. *Journal of Retailing*, 82(2), 79-93.
- Chintagunta, P. (2002). Investigating Category Pricing Behavior at a Retail Chain. *Journal of Marketing Research*, 39(2), 141-155.
- Dick, A., Jain, A., and Richardson, P. (1995). Correlates of Store Brand Proneness: Some Empirical Observations. *Journal of Product and Brand Management*, 4(4), 15-23.
- Dick, A., Jain, P., and Richardson, P. (1996). How Consumers Evaluate Store Brands. *The Journal of Product and Brand Management*, 5(2), 19.
- Dodds, W. B., Monroe, K. B., and Grewal, D. (1991). The Effects of Price, Brand, and Store Information on Buyer’s Product Evaluation. *Journal of Marketing Research* 28, 307-319.

- El Din, Dina Gamal and El Sahn, Farid (2013). Measuring the Factors Affecting Egyptian Consumers' Intentions to Purchase Global Luxury Fashion Brands, *The Business and Management Review*, 3 (June), 44-59.
- Erdem, Tülin, Zhao, Ying, and Valenzuela, Ana (2004). Performance of Store Brands: A Cross-Country Analysis of Consumer Store-Brand Preferences, Perceptions, and Risk. *Journal of Marketing Research*, 41(1), 86-100.
- Fishbein, M. & Ajzen, I. (1975). *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.
- Fornell, Claes and Larcker, David F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research*, 18 (1), 39-50.
- Gerbing, David W. and Anderson, James C. (1988). An Updated Paradigm for Scale Development Incorporating Unidimensionality and Its Assessment. *Journal of Marketing Research*, 25(2), 186-192.
- Govender, Kelisha, and Govender, Krishna (2013). Shopping Habits, Brand Loyalty and Brand Preference: Exploring Consumers' Behaviour during a Recession. *Business Management and Strategy*, 4 (2), 12-28.
- Grewal, Rajdeep, Cote, Joseph A., and Baumgartner, Hans (2004). Multicollinearity and Measurement Error in Structural Equation Models: Implications for Theory Testing. *Marketing Science*, 23 (4), 519-29.
- Hair, Joseph F. Jr.; William C. Black; Barry J. Babin; and Rolph E. Anderson (2010). *Multivariate Data Analysis* Upper Saddle River, NJ: Prentice Hall.
- Hale, J. L., Householder, B. J., and Greene, K. (2002). The Theory of Reasoned Action. In J. P. Dillard and M. Pfau (Eds.), *The Persuasion Handbook: Developments in Theory and Practice* Thousand Oaks, CA: Sage, 259-286.
- Hoch, Stephen J. and Shumeet Banerji (1993). When Do Private Labels Succeed? *Sloan Management Review*, 93(4), 57-67.
- Hu, Li-tze and Peter Bentler (1999). Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria versus New Alternatives, *Structural Equation Modeling* 6(1), 1-55.
- Huang, Manyu and Voges, Kevin E. (2011). The Propensity to Purchase Private Brands by Chinese Consumers. *International Review of Business Research Papers*, 7 (March), 1-10.
- Kavmark, Ellen, Carina Powers, & Sanna Sandahl (2012). Influences Behind the Success or Failure of Private Label Goods: A Study of Four Private-Label Products, unpublished thesis, Jönköping, Sweden: Jönköping International Business School, Jönköping University, May.
- Korsgaard, M. Audrey and Loriann Roberson (1995). "Procedural Justice in Performance Evaluation – The Role of Instrumental and Noninstrumental Voice in Performance-Appraisal Discussion," *Journal of Management*, 21 (4), 657-669.
- Kumar, Tirthala Naga Sai, M. Ravindar Reddy, & Kondapalli Mahathi (2014). The Impact of Conditional Determinants of Purchase Attitude of Store Brands in Food and Grocery in Indian Retailing—An Empirical Study in Twin Cities of Hyderabad. *Journal of Business and Management*, 15(January), 1-7.
- Labrecque, Lauren I., Krishen, Anjala S., and Grzeskowiak, Stephan (2011). Exploring Social Motivations for Brand Loyalty: Conformity Versus Escapism, *Journal of Brand Management*, 18 (May), 457-472.
- Lascu, Dana, and George Zinkhan (1999). Consumer Conformity: Review and Applications for Marketing Theory and Practice. *Journal of Marketing Theory and Practice*, 7(3), 1-13.
- Mandhachitara, Rujirutana, Randall M. Shannon, & Costas Hadjicharalambous (2007). Why Private Label Grocery Brands Have Not Succeeded in Asia. *Journal of Global Marketing*, 20(2/3), 71-87.
- Manzur, Enrique, Olavarrieta, Sergio, Hidalgo, Pedro, Farías, Pablo, and Uribe, Rodrigo (2011). Store Brand and National Brand Promotion Attitudes Antecedents, *Journal of Business Research*, 64, 286–291.
- Martínez-Ruiz, Maria Pila, Jiménez-Zarco, Ana Isabel, Barba-Sánchez, Virginia, and Izquierdo-Yusta, Alicia (2010). Store Brand Proneness and Maximal Customer Satisfaction in Grocery Stores. *African Journal of Business Management*, 4 (January), 64-69.
- McCall, C. H. (2001). An Empirical Examination of the Likert Scale: Some Assumptions, Development, and Cautions. Tahoe, CA: *Presented at the 80<sup>th</sup> Annual CERA Conference*, November 15-16.
- McCallum, Robert C.; Michael W. Browne; and Hazuki M. Sugawara (1996). Power Analysis and Determination of Sample Size for Covariance Structure Modeling. *Psychological Methods*, 1(2), 130-149.
- Murphy, M. J. (1987). *Branding: A Key Marketing Tool*. London: Macmillan Press.

- Podsakoff, Philip M., Scott B. MacKenzie, Jeong-yeon Lee, and Nathan P. Podsakoff (2003). Common Method Bias in Behavioral Research: A Critical Review of the Literature and Recommended Remedies. *Journal of Applied Psychology*, 88 (5), 879-903.
- Podsakoff, Philip M. and Dennis W. Organ (1986). Self-Reports in Organizational Research: Problems and Prospects,” *Journal of Management*, 12 (4), 531-544.
- Private Label Manufacturers’ Association (2013). Store Brand Sales Hit \$108 Billion in 2012, Setting another Record, (June 28), [www.plstorebrands.com/top-story/store\\_brand\\_sales\\_hit\\_\\$108\\_billion\\_in\\_2012\\_setting\\_another\\_record](http://www.plstorebrands.com/top-story/store_brand_sales_hit_$108_billion_in_2012_setting_another_record).
- Raghubir, P., and Krishna, A. (1999). Vital Dimensions in Volume Perception: Can the Eye Fool the Stomach? *Journal of Marketing Research*, 36(3), 313-326.
- Randall, D.M., and Wolff, J.A. (1994). The Time Interval in the Intention-Behaviour Relationship: Meta-Analysis. *British Journal of Social Psychology*, 33(4), 405-418.
- Ramani, Grish and V. Kumar (2008). Interaction Orientation and Firm Performance, *Journal of Marketing*, 72 (January), 27-45.
- Rubio, Natalia and María Jesus Yagüe (2009). Alternative Panel Models to Evaluate the Store Brand Market Share, *European Journal of Marketing*, 43(1/2), 110-138.
- Sethi, Rajesh and Zafar Iqbal (2008). Stage-Gate Controls, Learning Failure, and Adverse Effect on Novel New Products, *Journal of Marketing*, 72 (January), 118-134.
- Sethuraman, R. (2000). What Makes Consumers Pay More for National Brand than Store Brands – Image or Quality? (working paper). *Social Sciences Resource Network* Retrieved February 2, 2005, from <http://www.ssrn.com>.
- Sethuraman, R. and Cole, C. (1999). Factors Influencing the Price Premiums That Consumers Pay for National Brands Over Store Brands. *Journal of Product and Brand Management*, 8(4), 340-352.
- Sheau-Fen, Yap, Sun-May, Leong, and Yu-Ghee, Wee (2012). Store Brand Proneness: Effects of Perceived Risks, Quality and Familiarity. *Australasian Marketing Journal*, 20, 48–58.
- Solomon, Michael R. (2012). *Consumer Behavior*. Upper Saddle River, NJ: Pearson.
- Strom, S. (2013). Cleaning Up in Store-Brand Aisles. *The New York Times*. (October 2), B1.
- Swinyard, W. R. (1993). The Effects of Mood, Involvement, and Quality of Store Experience on Shopping Intentions. *Journal of Consumer Research*, 20 271-280.
- Wyma, Louise, Daleen van der Merwe, Magdalena Bosman, Alet C. Erasmus, Herman Strydom, & Faans Steyn (2012). Consumers’ Preferences for Private and National Brand Food Products. *International Journal of Consumer Studies*, 36(6), 432-439.
- Zainuddin, Anizah, and Burt, Steve (2007). Retail Brands versus Manufacturer Brand Attributes: An Exploratory Investigation. *Malaysian Journal of Consumer and Family Economics*, 10, 1-8.
- Zielke, S., & T. Dobbstein (2007). Customers' Willingness to Purchase New Store Brands. *Journal of Products and Brand Management*, 16(2), 112-121.