

EGYPTIAN CONSUMER PRIVATE LABEL BRAND PRODUCT PURCHASING DECISION FACTORS

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ABSTRACT: *Company that is not able to sell mass products found the private labels a solution for successful business, private label brand it's a new group of products setting up by retailer own product line and facility, the aim of the study is to clarify the Egyptian consumer purchasing decision (CPD) factors which push the consumer to buy the private label brand (PRB)*

KEYWORDS: Consumer Purchasing Decision, Private Label Brand, Supermarket

INTRODUCTION

Persuading consumers to buy from supermarkets and how they select products, on what basis they decide to buy certain product instead of other our study will help to explain how Egyptian consumer behavior towards private label brand product.

LITERATURE REVIEWS AND THEORETICAL FRAMEWORK

Consumer behavior previous studies

Some researchers found consumers have positive attitude towards product innovation. **Huddleston, Good and Stoel (2001)** discovered that most consumers prefer to purchase new and high-quality products more than existing ones; Based on **Sundin, Lindahl and Ljomah (2009)**, product design can attract consumers to make a purchasing decision among different products. Several studies have found that consumers are more interest in purchasing environmentally-friendly products (**McCarty & Shrum, 1994; Cheah & Phau, 2011**). However, quality is the main factor consumer evaluates the product upon it to purchase (**Rijswijk & Frewer, 2008**). Quality plays a critical role in consumers evaluation product purchase especially in the food product sector (**Rijswijk & Frewer, 2008**).

Other researchers found that there is a relationship between price and intention to purchase. (**Bonilla, 2010; Rijswijk & Frewer, 2008; Krasaekoopt & Kitsawad, 2010; Davis, Gunderson, Brown & House, 2008; Smith & Margolskee, 2006; Gofton & Marshall, 1995**). **Lin and Fang (2013)** the intention of purchase will depend on price the more the price is high the more the consumer will search for alternatives.

Lately consumers have begun to focus heavily on health issues (**Somerset, 1991**), consumers evaluate the nutritional value especially in food sector, **Payam (2010)** observes that product design and packaging design of F&B product are very important to persuade consumer to purchase

According to **Rahman (2008)**, the design of the packaging plays a key role of product, its preservation, presentation, convenience and protection, and its storage. The shape of the packaging is influential factor to raise consumers' expectations of the food product (**Ares & Delize, 2010**).

Previous studies have found that lately consumers recognized that the packaging material is a source of pollution of the environment (**Bech-Larsen, 1996**). The demand for environmentally-friendly packaging material has grown substantially (**Bonilla, 2010**).

Theory of Reasoned Action (TRA)

It is important to understand the relationship between consumers' attitude, consumer's intention and consumers purchasing behavior.

Furthermore, the TRA model acts a useful framework for analyzing consumers 'attitude and intention toward new product.

The Theory of Reasoned Action (TRA) is a consumer purchasing behavior model, developed by **Fishbein and Ajzen** in 1967 (**Hassandoust, Logeswaran & Kazerouni, 2011**). This model was used to predict how consumers evaluate a product before they purchase it.

Sheppard, Hartwick and Warshaw (1988), describe the TRA as a model, which is used to predict consumers purchasing behavior, if consumers have a positive attitude toward product innovation, they are likely to purchase new and innovative products. Subjective norms refer to the impact of social pressure on consumer's decision of whether or not to engage in a certain behavior (**Venkatesh & Davis, 2000**).

Private label brands:

Products (or services) which are generally manufactured or provided by one company under another company's brand are known as private-label. PLB it's a unique design, a combination of sign, symbol words, designed to create an image that identifies a product and differentiates it from its competitors.

Benefits of private label:

- **Increased Margins.** There is no added cost for the vendor.
- **Reduced Competition.** The **PLB** product is different ,it try to combine the good quality and the low price
- **Brand Builder.** **PLB** create its own product brand
- **Compensation Booster:** more profit margin, could be given to sales team
- **Customer Loyalty:** If the customer loves the product, they will continue using this label

Factors influencing purchase intention towards private label product

There are some studies concerning private label product however there is no specific research on purchase intention towards private label product in Egypt

Perceived price, packaging, store image, and advertisement are factors influence purchase consumer intention, **Munusamy and Wong (2008)** proved that there is a significant positive relationship between price and consumers' motives towards purchase of private label product, the majority of consumers will make their decision by concentrating on low price product (**Boutsouki et al., 2008**). Besides, packaging and information's provided on it (**Ampuero and Vila, 2006**). Also, advertisement which acts as communicator to it informs consumers about the product and service (**Uusitalo, 2001**). **Kim and Parker (1999)**, previous studies conducted by **Liljander et al. (2009)** revealed that store image influence consumers' purchase intention on private label product.

Consumer Attitudes: Flaherty and Papps (2000) suggest that consumers attitude toward a product is a vital factor that influences their intention to purchase. In particular, if consumer has a positive attitude toward a product, he will have the intention to purchase it; if he has a negative attitude toward it, he is less intention to purchase it (**Verbecke & Vackier, 2005**). The more the product is different the more it pushes the intention of the consumer to buy the product (**Biehal, Gabriel & Stephens, 1992**). Consumers' attitude is an important factor in influencing consumers' purchase intention towards private label product (**Chaniotakis et al. 2010**). Consumers would try to save money by purchasing private label product during economic crises and once the economy turns to be better; they return to their familiar brands (**Conroy, 2010**). A trust should be built between consumers and private label product (**Broadbridge and Morgan, 2001** as cited by **Chaniotakis et al., 2010**). Trust in private label product is influenced by perceived benefit, (**Bettman, 1979**). People with negative experience toward a product will give a negative impact for future purchase while when the quality matched the price, a positive impact is shown. (1)

1-Consumers' Perceptions, Attitudes and Purchase Intention towards Private Label Food Products in Malaysia Siti Nurafifah Jaafar Pan Ein Lalp Pan Ein Lalp Asian Journal of Business and Management Sciences Vol. 2 No. 8 [73-90]

Consumer Intention: Is type of judgment about how consumer will behave towards a particular brand (**Biehal, et al., 1992, p.25**). **Ajzen (1991)** describes consumer intention to purchase and how much effort they exert to change their purchasing behavior. Basically, purchase intention represent to what consumers think they will buy (**Blackwell et.al, 2001**). According to **Brown (2003)**, consumer with intentions to buy certain product will exhibit higher actual buying rates than those customers who demonstrate that they have no intention of buying. (2)

Difference between intention and attitude: the intention focuses on consumer's motivation and conscious plan to enact a behavior, whereas attitude is reflected by their evaluation of the product (**Ajzen, 1991**). The intention to perform a given behavior should be effectively based on the attitude taken (**Ajzen & Fishbein, 1980**). In this context, the intention to purchase is related to consumer's expectation of the product in terms of the specific behavior being considered (**Davies, Foxal & Pallister, 2002**).

Purchasing behavior several studies (**Sheppard, et al., 1988; Venkatesh & Davis, 2000; Morris, Davis & Davis, 2003**) clarified that consumers are more likely to enact a certain purchase behavior if their intention to purchase a product is a positive one.

A study of the relationship between the intention to purchase and purchasing behavior conducted by **Wilson, Mathews and Harvey (1975)** found that 162 housewives signified their

intention to purchase one particular brand out of six brands of toothpaste, this illustrating that 85 percent of housewives choose a particular brand according to their intention to purchase it. This finding supports the relationship between intention to purchase and purchasing behavior, and it further indicates that the intention to purchase is an antecedent of consumers actual purchasing behavior.

The relationship between intention to purchase and actual purchasing behavior is driven by attitude. Consumers attempt to form a rational attitude from an evaluation. Thus, consumer's intention to purchase and perform a certain behavior is a direct determinant of their subsequent actual purchasing behavior (**Ajzen, 1985**). **Silayoi and Speece (2004)** point out that consumers pay more attention to the product's characteristics and brand because these can influence their purchasing Behavior.

2-Consumers Perception, Purchase Intention and Actual Purchase Behavior of Organic Food Products, review of integrative business review Vol 3(2) ISSN: 2304-1013 Khalid Ismail Universiti Pendidikan Sultan Idris, Malaysia, Nawawi Ishak Lembaga Tabung Haji, Malaysia

Consumer Perceptions

Consumers use different factors to determine the quality of a product. Many consumers' use price as an indicator of product quality (**Kotler 2001**), others determine quality based on the country of origin or on producer. Some consumers use type of distribution channel, price, and packaging. Perception plays an important role in life of the consumer. Perception is the process, by which an individual select, organizes and interpret information inputs to create meaningful picture of the world. (**Kotler, 1997**). Perception, according to **Gregory et al (1995)**, is a set of process by which an individual becomes aware of and interpret information about the environment. (3)

Past experience with private label brand food products

The experience of purchasing products last long in the mind of the consumers they evaluate the product based on their purchasing experience (**Keller, 2001**). So consumer with negative experience towards a product will give a negative impact for the same product in the future, while consumer with positive experience will continue purchasing the same product. Such experience especially negative ones is easy to be share with others and thus influence their decision-making (**Jarvala, 1998**). (4)

3-Consumers' Perceptions, Attitudes and Purchase Intention towards Private Label Food Products in Malaysia, Siti Nurafifah Jaafar, Pan Ein Lalp, Mohaini Mohamed@Naba Asian Journal of Business and Management Sciences Vol. 2 No. 8 [73-90]

4- Consumers' Perceptions, Attitudes and Purchase Intention towards Private Label Food Products in Malaysia,

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RESEARCH METHODOLOGY

Research Purpose:

- The purpose of this study is to discover the basic factors influence the Egyptian consumer to buy private label products.
- To provide the Egyptian retailer with the necessary information on how the Egyptian consumer mind evaluate their PLB product.

Research Question:

Which factors influence Egyptian consumer buying decisions for private label brand product?

Target segment:

The study provide useful information for Egyptian retailers to enhance their knowledge about consumer behavior regarding PLB products The study conducted in Alex and Cairo , Egypt, the population sample was random, targeted families from medium class

Data collection

Secondary data:

Secondary data for this research were collected from various sources, books and retailer websites

Primary data:

Questionnaire survey and interviews were conducted to collect primary data, the questionnaires composed from 29 questions, there were close ended questions, questions used five Likert scales type, and the questionnaires were designed in English language and were divided in three main parts as following

First part: were demographic questions (gender, age, house hold and income)

Second part: factors influencing consumer behavior to buy private label brand products

Third part: consumer attitude, brand, perception, intention

A pilot study was conducted in order to make sure that questions survey operate well and function as expected , the author used the survey google forms to collect online response

Concerning the interview, two interviews were conducted with two mangers at spinneys supermarkets, the author sent an e-mail before the interview to the two mangers to explain the purpose of the study and its importance to be sure that the managers the question is clear to be answered.

Data Analysis and Findings

Interview structure: the interview was conducted in person during 20 to 25 minutes with two managers at spinneys retail market, the interview focused on the factors which influenced the Egyptian consumer to take a decision to buy private label products

Interview conclusion:

Interviewee confirmed that most the (PLB) product bought by the Egyptian consumer is the non-food products (paper rolls –trash bags –aluminum foil –fabric care –body wash), and textile (pillows –towels –sheets –clothes) but the food still the consumer have some concerns towards the PLB Food consumption .

PLB consumer is controlled by two factors while he buy the private label product , price and quality , word of mouth between families and friends push them to try the PLB products

Respondents

A total of 200 respondents participated in this research.162 were taken into consideration while 38 were void due to the answers contradictions Table (1) shows a summary of demographic profiles of the respondents.

Table (1)

| Demographic profile | | Total |
|--------------------------|----------|------------|
| Gender | Female | 68% |
| | Male | 32% |
| age | 18-25 | 14% |
| | 26-35 | 22% |
| | 36-50 | 50% |
| | Above 50 | 14% |
| Monthly Household Income | 61% | <than10000 |
| | 27% | Bt10-20000 |
| | 12% | BT20-30000 |
| Family Size | > 3 | 53% |
| | Three | 34% |
| | Two | 13% |

Table (1) clarifies the majority of participants aged between 36-50 years old (68%). Female respondents are accounted of the total number of respondents. The majority of respondents earned RM less than 10000 monthly household incomes (53%) most respondents are family size more than 3

Table (2)

| Perceived price | Agree | Natural | Don't agree |
|--|--------------|----------------|--------------------|
| 1. do you agree that price is important when you buy super market products | 50% | 39% | 11% |
| 2. do you agree that you compare prices of other brands with private label product | 49% | 38% | 13% |
| 3. do you agree that price of private label products is reasonable for shoppers | 50% | 34% | 16% |
| 4. do you agree that price of private label products is lower than the average market price for similar products | 62% | 30% | 8% |
| 5. do you agree you can save lots of money buying private label products | 61% | 28 | 11% |
| 6. do you buy private label products because they are cheaper option | 42% | 25% | 33% |
| 7. do you agree buying private label brand product is a way to save money | 65% | 26% | 9% |
| 8. do you agree Private label brand product value is good comparing to price you pay | 61% | 30% | 9% |
| 9. Do you agree to pay slightly more for the improvement of private label brand product? | 56% | 25% | 19% |
| 10. When you take a decision to buy PLB product do you agree the most important factor is Product Price | 42% | 28% | 30% |
| Perceived Quality | | | |
| 1. When you take a decision to buy a product do you agree the most important is Product quality | 79% | 11% | 10% |
| 2. do you rate private label brand quality as a high quality product | 48% | 23% | 29% |
| 3. Do you think that the combination of quality and price make you decide to buy private label brand product? | 66% | 23% | 11% |
| 4. Do you agree to buy price low label product if the quality is good in comparison to other products price? | 60% | 30% | 10% |

| | | | |
|---|-----|-----|-----|
| | | | |
| 5. Do you agree Quality is an important criteria when you buy super market products | 73% | 14% | 13% |
| 6. do you agree that you trust to buy low price product from well-known retailer | 70% | 16% | 14% |
| 7. Do you agree private label products seem to be good in quality | 51% | 43% | 6% |
| Packaging | | | |
| 1. Do you agree that the (ingredients) of private label food products clear on the package? | 98% | 2% | - |
| 2. do you agree Packaging of private label products look similar to other products | 53% | 26% | 21% |
| 3. do you agree private label products have good packaging | 60% | 21% | 19% |
| 4. When you take a decision to buy a product do you agree the most important is Product package | 48% | 23% | 29% |
| 5. do you agree that attractive packaging of a product could push you to buy it | 75% | 25% | --- |
| Advertisement | | | |
| 1. The advertisement message persuade me to buy the PLB product | 48% | 22% | 30% |
| 2. My decision to buy PLB product influenced by advertisement | 40% | 25% | 35% |
| 3. I think advertisement is important when I buy products | 42% | 28% | 30% |
| Store image | | | |
| Store image is important when I buy PLB product | 45% | 25% | 30% |
| The demonstration of PLB product on the store shelves is very important | 48% | 22% | 30% |

1-What is your attitude towards private label brand products in supermarkets?

44% have a natural attitude towards private label products brands, 43% have positive attitude towards private label products brands, 13% negative attitude towards private label products brands

2- Have you ever heard about the private label brand product?

37% sometimes heard about the private label brand product, 45% always heard about the private label brand product, 18 % rarely heard about the private label brand product

3- Do you buy private label brand product?

54% sometimes they buy private label brand product, 30% between rarely and never buy

16. % always buy the private label brand products

4-What push you to buy private label brand product?

41% they know about the private label brand product from families and friends, 37% they saw it in the store, 22% from other sources

5-How often do you buy private label brand product?

55% they buy the brand sometimes, 13% often buy the label brand, 32% between rarely and never buy the product label brand

6-Do you hesitate to buy private label brand product?

57% they hesitate to buy private label product brand, 27.5% neutral, and 15.5% not hesitate

7-do you feel satisfied by buying private label brand product

51% are satisfied buying private label brand product, 43% neutral, 6% they are not satisfied

8-Do you agree private label products in the food sector taste good

54% agree that private label in the food sector taste good, 38% are neutral, and 8% they disagree with the idea

9-do you agree private label products are fresher than other brands

47% neutral, 40% agree that the private labels are fresher than other brands, 13% they disagree with the idea

CONCLUSION

Price factor

43% of the respondents have a positive attitude towards (PLB) products, 45% heard about (PLB) product, 41% they knew about (PLB) from families and friends 49% so word of mouth play a role in marketing for (PLB) products ,50% of respondents confirm that price is very important factor for buying a product , 49% compare (PLB) price with other brands , 62% agree that the price of PLB lower than the average market price , 61% confirm that buying (PLB)could save money , 61 % agree that PLB product value is good comparing to price paid , 56% agree that they don't mind to pay more money for PLB improvement 42% see that PLB product is a cheaper option while 70% agree that they trust to buy low price product if it's from well-known store

Quality factor

On the quality level 65% of respondents confirm buying the (PLB) is a way to save money meanwhile 29% consider the PLB product is a good quality, 23% agree that the (PLB) low quality, while 61% agree that private label brand product value is good comparison to its price, 66% of the respondents clarified that the factors which made them decide to buy PLB brand it's the acceptable quality

79% of the respondents agree that the most important in choosing a product is the product quality, while 48% rate the PLB product a high quality rate, 66% think that the combination of the existence of quality and low price in PLB product make them buy it, 73% think that the quality is the most important factor when they make a decision to buy a product

Packaging factor

98% agree that product ingredients should be printed clear on the product package, 60% agree that PLB product have a good packaging while 53% think it look similar to other packaging products, 75% agree that a good package may be a factor of persuasion to buy a product

Advertisement factor

48% agree that the advertisement message play a role to persuade them to buy the product, 40% their buying decision influenced by advertisement

Store image factor

45% of the respondent sees that the store image is very important to make them buy the product, while 48% agree that the demonstration of PLB product on store shelves is very important.

After analyze the interview answer and the survey we conclude

- The price is the first motivator for buying the PLB product
- The quality factor is important as well
- A good packaging of PLB can't be ignored
- The PLB in the nonfood sector is more easy for the consumer than the food sector
- The advertisement for the PLB product is very important factor to persuade people to buy
- Store image play a role in attracting people to buy PLB, if they trust the store name they will buy the PLB easily plus the demo of the PLB products on the store shelves can't be ignored

RECOMMENDATION

The finding may assist in clarify to the Egyptian market what is the PLB product and its importance and to better understand the factors influencing Egyptian consumers

- Egyptian Retailers should follow a good market plan for PLB on both sectors food and non-food products
- PLB awareness campaign should be done by Egyptian retailers
- Bonus cards in the Egyptian retailers shops for PLB products will introduce PLB products to consumers

Limitation of the study

Further research could be conducted to a different segments and expanded to a larger sampling size in several geographical areas so the result may will be more reflective of the actual buying pattern of Egyptian consumers