"Factors affecting the success of store brands in Turkish retailing market"

AUTHORS	Tulin Ural
ARTICLE INFO	Tulin Ural (2008). Factors affecting the success of store brands in Turkish retailing market. *Innovative Marketing* , *4*(2)
RELEASED ON	Thursday, 03 July 2008
JOURNAL	"Innovative Marketing "
FOUNDER	LLC "Consulting Publishing Company "Business Perspectives"

NUMBER OF REFERENCES

0

NUMBER OF FIGURES

0

NUMBER OF TABLES

0

BUSINESS PERSPECTIVES

Tulin Ural (Turkey)

Factors affecting the success of store brands in Turkish retailing market

Abstract

The study aims to investigate the effect of store image and product attributes on consumer evaluations of store brands, in Turkey context. Three store image factors were identified: *layout*, *merchandizing* and *service*. Store image was found an important predictor of consumer attitude towards the store brand. Several product attributes were identified as the success factors of store brands. These product attributes are related to the risk perceptions of consumer when purchasing a store brand product: *functional risk, psychosocial risk* and *financial risk*. The effects of perceived risks related to product category on consumers' evaluations of store brands were hypothesized. The study findings show that the perceived high functional risk in a product category affects positively the evaluations of store brand, and the perceived high quality variance within a product category (financial risk) affects negatively the evaluations of the store branded products in that category. In terms of interaction effect of store image with perceived risks within a product category on the consumer evaluations of the store branded products, surprisingly, the direction of these two main effects is changing opposite. The present study provides better understanding the impact of store image and product attributes on consumer's attitudes towards store branded products. Therefore, it leads to greater sustainable competitive advantage and better resource allocation decision. The useful implementations for researchers and practitioners are presented.

Keywords: store brand, store image, perceived risk, retailing.

Introduction

In the recent years, there is a consensus on that brands are one of a firm's most valuable intangible assets. Given its competitive nature, branding can be especially important in the retailing industry to influence consumer perceptions and drive store choice and loyalty (Ailawadi and Keller, 2004). Value creation and gaining competitive advantage for the retail chains are critical to sustain profitability. Many retail chains have been competing in manufacturer's brands on quality and price with their own brands. Moreover, they have been viewing themselves as marketers of their own store brands, rather than distributors of manufacturer's brands.

Store brands are increasingly seen as important source of profitability (Ailawadi, 2001; Ailawadi and Harlam, 2002). A retailer has got numerous advantages by carrying store brands. Store brands can contribute to store differentiation and store loyalty (Corstjens and Lal, 2000). According to Semeijn et al. (2004, p. 247), "store brands can help retailers attract customer traffic and create loyalty to the store by offering exclusive product lines and premium products. In addition, store brands can help project a lower-price image for retailers, increase their bargaining power over manufacturers and producers of major national brands, and lead to increased control over self space".

The clear characteristic of store brands is to become cheaper relative to manufacturer's brands due to their lower manufacturing costs, inexpensive packaging, minimal advertising and lower overhead costs. Retailers by making agreement with various manufacturers have bought many product categories and sold them under their own store label. Store brands have been positioned in the best places on shelves without paying monetary allowance for shelf. When store brands provide customer loyalty, retailer is becoming to have the opportunity for applying higher prices on store brands. On the other hand, retailers are becoming not only a customer but also a competitor of manufacturing firms. Store brands can be provided with more competitive advantage than manufacturer's brands.

However, in fact, a store brand can be successful in only some cases. The question of this study is which factors determine the success of store brand? Differences among product categories may be cause of variance in store brands share either across markets or across retailers (Batra and Sinha, 2000). Retailers should assess the acceptance of a product category under the store label. This assessment may involve the factors pertaining to store image and product category attributes (Semeijn et al., 2004). Therefore, the study aims to investigate the effects of store image and product attributes on consumer evaluations of store brands, in Turkey context. The difference of this study from previous ones (e.g., Semeijn et al., 2004) is that it explains the store image interaction with perceived risk associated with purchasing different product categories. The text is designed as following sections. The conceptual framework is explained based on theoretical literature and, the research model is formed. Next, the survey procedure and data analysis are described. The results of the study and implementations for researchers and practitioners are presented.

1. Store brands in retailing market of Turkey

Retail chains have developed rapidly in Turkey and its sales volume has arrived $ 67 billion in 2006. A share of 60% of retailing market is related to the food and remainder is related to the non-food consumption products. Retailing has reformed by following one another mergers and acquisitions in Turkey in 2005. Joint ventures such as Carrefour-Gima and Migros-Tansas have shown that international retailers have been beginning to pay further attention to Turkey retailing market. European retailers are likely to move in Turkey to take advantage of the large and dense population coupled with opportunity for expansion. While the average rate is 15 hypermarkets and 150 supermarkets per 1 million people in EU, these rates in Turkey are 2 and 16, respectively (PricewaterhouseCoopers Consumer Report, 2004). We may consider that the rates point out the high development potential of retailing sector in Turkey.

On the other hand, economic crises taken place in last years have negatively changed the consumer income which in turn, changed consumer buying behaviors and brand preferences. In this context, consumers have tended to the brands which have low price. Consequently, the importance of store brands has increased. While the share of store brands in total retailing sales volume is 1.9%, it has increased to 2.1% in six months after economic crisis (http://www.retailing-institutude.com, 2002). In 2002, the share of store brands in total consumption was around 3.2 % and its growth rate was 18.7%. From perspective of product categories which store brands involve, the cleaning product category is primary one. Other categories are the cosmetics and foods, respectively (Savascı, 2003).

2. Literature review

Several researchers have noted that store label proneness is more product category specific rather than consumer specific (e.g., Sethuraman, 1992; Sethuraman and Cole, 1997). Inman et al. (2004) show that consumers associate different product categories with different retail formats.

Corstjens and Lal (2000) find that there is positive correlation between store brands use and store loyalty, by using scanner data for one product category. Bell et al. (1998) state that consumers build both category-independent and category-specific store loyalty.

Guerrero et al. (2000) find that consumers believe that store brands are reliable, different from the brands of the manufacturer and are good value for money. When the price is the same, the manufacturer's brand is chosen due to its higher quality image. Generally, woman show a more positive attitude towards store brands than men. They state that consumers have clear beliefs about store brands, but probably at the supermarket,

they will behave in ways that do not necessarily correspond with their beliefs. Ailawadi and Harlam (2004) state that heavy private label users buy less from a retailer than do medium private label users.

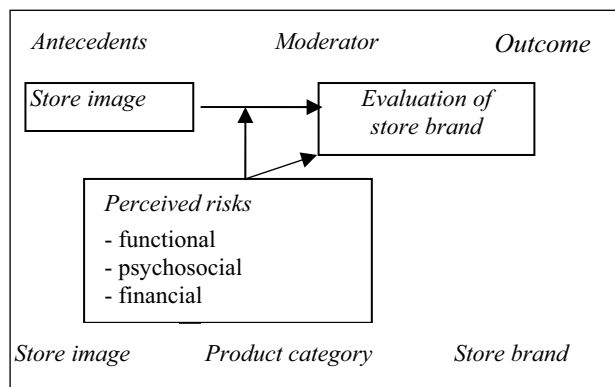Garretson et al. (2002) find that both price and non-price related constructs impact private label attitude.

Kennedy and Ehrenberg (2000) explain that there are no specific consumer segments, as the users of one brand also use other brands and that there are no differences between the users of one brand and another in the same category.

As mentioned by Ailawadi and Keller (2004), none of these studies tested the direction of causality in the relationship between store brand and consumer loyalty. As a result, there are not clear findings about store brands-consumer loyalty relationship.

This study aims to contribute to the literature about that consumer attitude towards store branded products can be influenced by store image, perceived risks related to product category and interaction effect of store image-perceived risk.

3. Conceptual framework

Based on definition of AMA (American Marketing Association), a store brand identifies the goods and services of a retailer and differentiates them from those of competitors (Ailawadi and Keller, 2004). The concept of store brand is often used in the same meaning with term "private label brand" in the literature. Store brands are typically more multi-sensory in nature than product brands and can rely on rich consumer experiences to impact brand equity. Retailers can create their brand images in different ways, namely: their product assortment and merchandise, layout, and service quality. These factors are antecedents of store image. On the other hand, consumer attitude towards store branded products can be influenced by perceived risks related to product category. The relationships among factors are shown in Figure 1.

Resource: The model was prepared by taking advantage of J. Semeijn et al. (2004), p. 250.

Fig. 1. The model: effective factors on evaluation of store brands

3.1. Store image. The environmental psychology model of Mehrabian (1980) allows us to describe the effect of store environment on consumer's decision making process. The environment within which decision made serves as stimulus to the decision maker. The environment could be positively loaded or negatively loaded. It has the potential to create arousal on the part of the individual. A positively loaded environment would lead to feelings of good, joyful or happy and vice-versa (Richardson et al., 1996). This statement can explain the effect of store image on consumer attitudes towards store branded products. Factors which create the store image are explained by many marketing studies. Basically, these are the physical environment of store *(layout)*, perceptions pertaining to merchandise *(merchandise)* and perceived service quality *(service)* (Semeijn et al., 2004). According to Dick et al. (1996), the store image acts as an important indicator of store brand quality. "Consumers use these cues to form an overall evaluation that will affect their attitude towards the store as a whole and potentially towards its store brands. This could explain why store brands outperform manufacturer branded products in some cases" (Semeijn et al., 2004, p. 248). Consumer buying decision may be influenced by their experiences with the store image factors. Therefore, we propose the following hypotheses, in the framework of three antecedents of store image.

H1: There will be a direct positive relationship between perceived store layout and consumer attitudes towards store branded products.
H2: There will be a direct positive relationship between perceived store merchandising and consumer attitudes towards store branded products.
H3: There will be a direct positive relationship between perceived store service quality and consumer attitudes towards store branded products.

3.2. Perceived risks related to product categories. Store brands may be seen as non-competitive in a product category owing to the discrepancy between associations consumers have for store brands and the characteristics of the product category. Especially, the association that may cause consumers to react skeptically to store brands offerings in some categories is the association between store brands and their lower cost/lower quality positioning. DelVecchio (2001) referred that perceived product attributes affect the attitude of the consumer towards merchandise sold under a store brand. The power of a store brand varies dramatically across product categories (Steenkamp and Dekimpe, 1997). These differences have been related to the perceived risks pertaining to store brand purchased (Mitchell, 2001). In purchasing and consuming a product, consumers expose themselves to several different

types of risks. Although different authors have classified the risks pertaining to the purchase of a product into different groups, in general, these risks are devided into three main types: *functional*, *psychosocial* and *financial* (e.g., Semeijn et al., 2004). "Functional risk captures the potential for loss due to substandard physical performance on the part of the product" (DelVecchio, 2001, p. 241). Functional risk relates to product complexity and category quality variance. Psychosocial risk relates to the symbolic aspects of product consumption. The usage of product has been recognized as a symbol of one's personality, beliefs, or status. The primary characteristics of a product in determining the ability of others to evaluate a consumer based on their brand choice is the publicness of the product. Financial risk is construed as the potential for a loss of monetary resources due to substandard performance and subsequent product repair/replacement (Semeijn et al., 2004).

Given that perceived risks pertaining to product category compose three types of risks, we can propose the following hypotheses.

H4: There will be a direct negative relationship between perceived functional risk and consumer attitudes towards store branded products.
H5: There will be a direct negative relationship between perceived psychosocial risk and consumer attitudes towards store branded products.
H6: There will be a direct negative relationship between perceived financial risk and consumer attitudes towards store branded products.

3.3. Consumer evaluation of store brands. The store image plays an important role in shaping evaluations of consumer on store brands via its interaction with the perceived risks related to product categories. The direct relationship between store image and consumer attitude towards store branded products can be moderated by the consumer's risk perception associated with product categories. As thus, the relationship is likely to change, when the perceived risk or product category is taken into consideration along with store image. DelVecchio (2001) noted that consumer perceptions about store brands are influenced by perceived risk related to product category. Semeijn et al. (2004) also stated that store image factors and various categories of perceived risk associated with product attributes affect consumer evaluations of store-branded products. Therefore, we can propose the following hypotheses, for understanding the interaction effect of store image-perceived risk.

H7: Perceived functional risk moderates the causal effect of store image on consumer attitudes towards store branded products.

H8: Perceived psychosocial risk moderates the causal effect of store image on consumer attitudes towards store branded products.
H9: Perceived financial risk moderates the causal effect of store image on consumer attitudes towards store branded products.

4. Method

4.1. Research context and unit of analysis. To test the hypothesized associations, the survey was conducted among bank personnel who work in traditional branches. The reason of doing so is the requirement of population list for the random sampling process. Further, the worker-based sample has been considered useful. Workers are important part of the shopping population from large retailers because they are more likely to purchase from them at the weekend. Traditionally, most of people prefer to make daily purchasing from small store instead of large retailer, in Turkey. Each person working in branch was selected as key informant without considering their status because each of them represents a consumer in the line with our research.

4.2. Sample and data collection. The research setting is Antakya, Turkey. The data used in this study were drawn from bank personnel operating in Antakya. The study's target population consists of 226 persons from 13 different bank branches, namely, Fortis, HSBS, TEB, Yapı ve Kredi, Finans, Bank Asya, Vakıf, Kuveyt Turk, Garanti, Akbank, Halk, Oyak, Ziraat. Sample size was determined by formula [$n = p.q/ (e/z)^2$; confidence level: 0.95, tolerance level: 0.10, max.variance $p = q$: 0.50]. The sample consists of 96 persons ($n = 96$). The sample was randomly generated from databases of bank branches. Managers from the bank were asked to allow their people to participate in the study. Personal interview was used for communication. The survey questionnaire was self-administered and response rate was 100%.

4.3. Measures. Store image was measured with 11 indicator variables adapted from study of Semeijn et al. (2004). As we have four product categories for three types of risk, perceived risk types were measured by single item, in the line with Guerrero's (1996) comment. He pointed out the importance of having a low number of questions in the questionnaire in order to obtain reliable information from it. The dependent variable, consumer attitude towards the store brands, was measured according to previous studies (e.g., Van Riel et al., 2001; Semeijn et al., 2004) by averaging two measures: the perceived overall quality of the store brand and the probability of purchasing store brand, assuming that the customer was planning a purchase in the product category.

Five-point Likert type scale was used. A list of the items and details of the scale is shown in Table 1.

Table 1. Scale items

Store image (Semeijn et al., 2004): "strongly disagree" (1) and "strongly agree" (5)
Layout
S1. Physical facilities are visually appealing
S2. Store layout is clear
S3. Easy to find articles in promotion
Merchandise
S4. Merchandising is available when needed
S5. Store offers high quality merchandise
S6. Store offers broad assortment
Service
S7. Employees are knowledgeable
S8. Employees are courteous
S9. No problems when returning items
S10. Employees willing to find custom solutions
S11. Store has convenient opening hours
Perceived risks (Semeijn et al., 2004): "strongly disagree" (1) and "strongly agree" (5)
Functional risk
CarrefourSA would have problems to manufacture this product
Psychosocial risk
I would mind that other people know that I use this product from the CarrefourSA brand
Financial risk
Purchasing this product having CarrefourSA brand is the lossing of money
Consumer attitude towards the store brands (Van Riel et al., 2001; Semeijn et al., 2004):
The perceived overall quality of the store brand: *"inferior" (1) and "superior" (5)*
The probability of purchasing store brand: *"not at all likely" (1) and "very likely" (5)*

4.4. A case study: CarrefourSA. Because the study aims to measure the consumer attitude towards the store brands, we need to point out to the respondents the certain store name. As thus, the respondents are able to evaluate the store brands more reasonably. We have chosen the CarrefourSA because it is a famous retail chain in Turkey. CarrefourSA is a joint venture of Sabancı Holding and Carrefour, the top retailer in Europe and second largest one in the world, in hypermarket and supermarket businesses. With sales areas ranging from 3,000 m² to 15,000 m², flagship format hypermarkets carry a wide assortment of food and non-food products with up to 40,000 SKUs. Supermarkets, ranging from 1,000 m² to 2,000 m², carry a higher share and larger assortment of fresh food, and provide convenient shopping.

In 2006, CarrefourSA generated US$ 1,354 million in sales revenues, representing 21% growth, and reached a store network of 15 hypermarkets and 87 supermarkets with total sales area of 230,000 m², seventy million consumers shopped at CarrefourSA stores during the year (http://www.carrefour.com.tr).

A new organizational structure and a new store model were introduced for supermarket operations

which expanded significantly after Gima acquisition. Product assortment, pricing and store layouts were renewed. After a research and test period, "Carrefoursa Expres" was chosen as the new supermarket brand. A conversion project began in October, and all supermarkets will implement this new model by mid-2007. Preliminary results from converted stores indicate double-digit sales growth. CarrefourSA has carried store brands on various product lines such as: textile, electronics and grocery products. These store brands are named differently as Firstline, Tex Collection, Carrefour Quality from Nature Resource and Carrefour Products with Number 1 (http://www.carrefour.com.tr.).

4.5. Product selection. For selection of the product categories which will be used in the study, firstly, we inquired the CarrefourSa brands via internet, namely, carrefour.com.tr. Then, the product categories were selected based on availability and familiarity to consumers in Turkey. Meanwhile, we took into consideration the need of variance in the different risks related to the consumer's purchasing decision, *functional*, *psychosocial* and *financial risks*. *Television, t-shirt, fish* and *bread* were chosen. The "*television category*" was selected to represent the highest financial risk, as it has the very high quality variance. It reflects the high level of psychosocial risk because of usage visibility. It also represents the high level of functional risk, as it is difficult to produce television and the technological problems using an inferior television. The "*t-shirt category*" has the highest psychosocial risk, as it has the usage visibility and clothes are a symbol of status in Turkish culture according to common beliefs. T-shirt has medium functional risk, because it easer produces in Turkey conditions. Textile industry needs the labor-intensive technology and the fee of labor is very cheap relative to other countries. On the other hand, it reflects the medium financial risk, as it can be replaced easily. The "*fish category*" scores high in functional risk because of health related consequences. No one wants to eat stale fish. However, it

has the low financial risk as there are no quality differences in this category. It also reflects the lower psychosocial risk. And finally, the "*bread category*" can be classified as inexpensive (low financial risk), easy to produce (low functional risk) and no visible (low psychosocial risk) and hardly any quality variance among brands.

5. Results

To test the hypothesized associations, several analyses were applied. Firstly, the store image antecedents were determined by factor analysis. Secondly, the main effects of store image antecedents and perceived risk types associated with product categories were explained by multiple regression analysis. The interaction effect of store image-perceived risk on consumer attitude towards the store brand was also tested by regression analysis.

5.1. Profile of respondents. Most of respondents are men (60.4%) and have university degree (87.5%). The large part of respondents have obtained around $1500 per month (41.7%) and they are in 20-30 age group (64.6%).

5.2. Antecedents of store image. In a principal component factor analysis, three store image factors were identified based on the rule of Eigenvalues greater than one and Screen test: *layout*, *merchandise* and *service*. The factors explained 60% of the variance. A value of KMO test was found as 0.796 and we obtained a χ^2 of 300.761 (df. = 55, sig .= 0.000) for Bartlett's test. Reliability was tested with Cronbach alpha and reported in Table 3. As a different point from Semeijn's (2004) study, our analysis resulted that the variable of S4 (merchandise is available when needed) was included in the "layout factor" instead of "merchandise factor", and S11 (store has convenient opening hours) was included in the "merchandise factor" instead of "service factor". This is reasonable because the scale was applied to different culture. The results of factor analysis and descriptive analysis are shown in Table 2.

Table 2. Store image

Items	Descriptions		Composition of factors (factor loadings)		
			Component		
	Mean	Std. deviation	Layout α = 0.71	Merchandise α = 0.60	Service α = 0.80
Layout S1. Physical facilities are visually appealing	3.41	.889	.687		
S2. Store layout is clear	3.30	.985	.770		
S3. Easy to find articles in promotion	3.29	1.015	.653s		
Merchandise S4. Merchandising is available when needed	3.25	.929	.689		
S5. Store offers high quality merchandising	3.05	.851		.576	
S6. Store offers broad assortment	3.65	.858		.627	
Service S7. Employees are knowledgeable	3.11	.916			.719

Table 2 (cont.). Store image

S8. Employees are courteous	3.25	.894			.772
S9. No problems when returning items	3.23	.774			.754
S10. Employees willing to find custom solutions	3.28	.903			.826
S11. Store has convenient opening hours	3.91	7.69		.773	

"Convenient opening hours" and "offering broad assortment" are seen the most important characteristics of store image by respondents.

5.3. Level of perceived risk related to product categories. As can be seen in Table 3, *television* has the highest functional risk and financial risk. *T-shirt* has the highest psychosocial risk in all product categories. *Bread* is perceived as a product having low functional risk, psychosocial risk and financial risk. These descriptive findings support our predictions about the level of perceived risk associated with product categories.

Table 3. Means of perceived risk related to product categories

	Mean	Std. deviation
Television		
Functional risk	3.20	.936
Psychosocial risk	2.71	1.045
Financial risk	2.91	.963
T-shirt		
Functional risk	2.94	.938
Psychosocial risk	2.74	.932
Financial risk	2.83	1.033
Fish		
Functional risk	3.03	1.010
Psychosocial risk	2.55	.893
Financial risk	2.80	1.042
Bread		
Functional risk	2.89	1.213
Psychosocial risk	2.22	.836
Financial risk	2.53	1.281

5.4. The main and interaction effects of store image and perceived risk related to product categories on consumer attitude towards the store brand. The main effects of store image and perceived risk related to product categories on consumer attitude towards the store brand considered in this study were assessed via multiple regressions. The consumer attitude towards the store brand (dependent variable) was regressed on the main variables (independent variables), the store image factors: *layout*, *merchandise* and *service*, as well as the perceived risks pertaining to purchase different product categories: *functional risk*, *psychosocial risk* and *financial risk. A*s opposed to previous studies (e.g., Semeijn et al., 2004), this study will investigate the store image interaction with perceived risk

associated with purchasing different product categories. The store image is likely to play an important role in shaping evaluations of consumers on store brands via its interaction with the perceived risks related to product categories.

The dependent variable scale of "consumer attitude towards the store brands" consists of two variables: the perceived overall quality of the store brand and the probability of purchasing store brand, assuming that the customer was planning a purchase in the product category. Reliability of the scale was tested with Cronbach alpha, and it was found to be 0.74. This is the accessible level.

Based on correlation matrices, the level of correlations between all independent variables is lower than 0.70. Therefore, there isn't a collinearity problem for regression analysis. The set of store image and perceived risk explains 51% of the variance in the consumer attitude towards the store brands. The regression model is useful for exploring the relationship between store image, perceived risk and consumer evaluations (F value: 10.122, sig. 0.00). There is no autocorrelation problem because Durbin-Watson coefficient was found accessible level as 1.885. The results of multiple regression analysis are summarized in Table 4.

Table 4. The effects of store image and perceived risk related to product categories on consumer attitude towards the store brand

Variables	Beta	t	p
Constant		.156	.877
Layout	.548	2.637	.010***
Merchandising	.677	4.172	.000***
Service	.471	2.192	.031**
Functional risk	2.123	2.949	.004***
Psychosocial risk	.485	1.349	.181
Financial risk	-1.823	-2.109	0.38**
Store image x *Functional risk*	-2.373	-2.771	.007***
Store image x *Psychosocial risk*	-.493	-1.357	.178
Store image x *Financial risk*	1.983	2.030	.045**
$R^2 = 0.51$. F = 10.122. Sig. F = 0.000 Dur.W = 1.885			

Notes: Dependent variable: Consumer attitude towards the store brand. Abbreviations are referred to R^2: Coefficient of determination. F: F value. Sig. F: Significance of F value. p: significant

level. Dur.W: Durbin Watson test statistics. *0.10 sig. level, **0.05 sig. level, ***0.01 sig. level.

As can be seen in Table 4, the significant indicators of consumer attitude towards the store brand with respect to store image factors are layout ($\beta = 0.54$, $p<0.01$), merchandise ($\beta = 0.67$, $p<0.01$) and service ($\beta = 0.47$, $p<0.05$). Store image influences consumer's judgment of store brand quality in a positive sense. H1, H2 and H3 are confirmed. The more highly a consumer thinks of a store image, the more positively he/she will evaluate store-branded products. These hypotheses were also confirmed by Semeijn et al. (2004).

In terms of product attributes and related risks, perceived functional risk associated with a product category affects the consumer attitude towards the store brand ($\beta_{func} = 2.123$, $p<0.01$). Surprisingly the direction of relationship between functional risk and consumer attitude towards the store brand is positive, opposite the expected effect. H4 is confirmed partly. The effect of psychosocial risk associated with using a product on the consumer attitude towards the store brand was found insignificant. H5 is rejected. Proposition H6 predicted a negative relationship between the perceived financial risk related to purchase of a product in a category with large quality variance and the consumer attitude towards the store brand. The findings show that there is significant and negative effect ($\beta_{fina} = -1.823$, $p<0.05$). Therefore, H6 is confirmed.

The interaction effects of store image (which is computed as mean of layout, merchandising and service factors) with functional risk ($\beta = -2.373$, $p<0.01$) and financial risk ($\beta = 1.983$, $p<0.05$) are significant. H7 and H9 are confirmed, while H8 is rejected.

Conclusion and implications

This study aims to explain the combined effects of retailer and product attributes on consumer attitude towards store brand. Main effects and interaction effects of store image and three product attributes were examined through an empirical study. A general store, namely, CarrefourSA was included as a case.

Based on previous research (e.g., Semeijn et al., 2004) a positive relationship was predicted between store image and attitude towards the store brand. Three store image factors were identified: *layout*, *merchandising* and *service*. Store image based on these three factors has been found an important predictor on attitude towards the store brand. Consumers use the store image as a clue in their evaluations of store brand. If the image of a store is high in mind of consumers, they believe that store brand has high quality.

Several product attributes have been identified as the success factors of store brands (e.g., DelVecchio, 2001): *complexity*, *visibility* and *quality variance*. "These product attributes have been related to the risk perceptions of consumer when purchasing a store brand product" (Semeijn et al., 2004, p. 255). The effect of perceived risks on consumers' evaluations of store brand was hypothesized.

"Product complexity was associated with perceived *functional risks* of the product and measured as the perceived difficulty for the store to manufacture it, as a result of required specialized technological knowledge and ingredients" (Semeijn et al., 2004, p. 255). The study findings show that the perceived high functional risk of the product affects positively the consumer evaluations of store brand. Put differently, although a consumer perceives a certain retailer to be not able to produce a complex product, the consumer may develop a positive attitude towards such a product carrying retailer's store brand. This belief may result from the consumer's knowing that most of retailers make other manufacturing firms produce their store branded products (in other means, the outsourcing strategy). This finding may suggest that high technological products can be also offered with store brand.

Visibility of a product was identified as public usage of a product. From this study it becomes clear that consumers perceive the lack of symbolic quality of store brand, and *psychosocial risk* associated with using a store branded product is not an important indicator of the consumer attitude towards the store brand. This finding would likely to result from a consumer beliefs that store brands do not have the symbolic aspects of product consumption and involve the cheap products under the store brand. In order to decrease the social risk associated with product consumption, consumers rely upon known brand names and expensive products. Manufacturer brands with accumulated equity can be used as a signal of the status.

High quality variance within a product category may increase the perceived *financial risk* of choosing a low quality product and therefore of loosing money. This study findings show that perceived high quality variance within a product category is associated with a negative evaluation of store branded products in that category. Put differently, the higher the quality variance within a product category is, the less is the probability of choosing the store brands. Consumers are likely to choose manufacturer brands over store brands to reduce the financial risks associated with that purchase.

In terms of interaction effect, we have found that the perceived functional risk of the product plays an im-

portant role in shaping consumer attitude towards store brand via its interaction with store image. Surprisingly, while the perceived functional risk of the product has positive main effect on consumer evaluations of store branded product, its interaction effect with store image is negative. The perceived functional risk moderates the main effect of store image on attitudes towards store branded products. In other words, when the perceived functional risk of a certain product category becomes higher, and store image is perceived less favorably which in turn, impacts negatively the consumer attitudes towards store branded products. The perceived psychosocial risk does not moderate the main effect of store image on attitudes towards store branded products. This finding may result from consumer beliefs that store branded products do not have publicness. The perceived financial risk moderates the main effect of store image on attitudes towards store branded products. However, while the direction of main effect of financial risk on consumer attitudes towards store branded products is negative, its interaction effect with store image is found to be positive. In other words, when the perceived financial risk of a certain product category becomes higher, and store image is used as a signal of quality which in turn, impacts positively consumer attitudes towards store branded products.

Implementations for practitioners. Although the success of store brands has been limited to certain product categories and segments of consumers, retailers are maintaining to expand the domain of store brand offerings. Because retailers continue to consider new product categories under own store brands, they should think of consumer acceptance (DelVecchio, 2001). Based on our findings, they should take into consideration the store image. Especially, assortment of the product and quality of merchandise play an important role in evaluating the store brands. Offering an increasing variety of store branded products, with clear labeling may be more useful. The developing and sustaining a store image can create opportunities to achieve differentiation and positioning relative to other retailers and sell profitable store brands.

Technological products can be offered with store brand. Marketing managers can create store brands not only for less complex products but also for high complex ones. When marketing managers offer the new store branded technological products like television, they should emphasize that their store is able to manu-

facture technological products. Due to consumer beliefs that store brands do not have the symbolic aspects of product consumption, marketing managers should emphasize the psychosocial value of their store brand by various promotion messages. Store image can be used as a signal of quality to reduce the perceived risk of choosing a low quality product and therefore of loosing money by consumer. New store brand products have greatest potential in product categories associated with low functional and financial risks. The reduction of risks, the building of trust may contribute to consumer's store loyalty.

A consumer attitude towards the store brand is likely to change when the consumer considers the risks of purchasing a store branded product along with store image. This is reasonable because the various factors affect the decision making process of a consumer. In line with this paradigm, interaction effect of store image with perceived risks associated with using a store branded product may become different from the separate effect of each of them. Therefore, marketing managers not only improve their store image but also think of consumer risk perceptions associated with using a store branded product.

Implementations for researchers. It should be noted that other types of product, different perceived risks, different retail formats and store attributes, for example time risk, department stores are worth studying. Future research is encouraged to test similar hypotheses in other international setting and compare its findings. Cross-cultural studies are important because a consumer's decision making process in an international context is much more affected by social, cultural and other environmental differences.

Limitations and future research

Some research limitations should be acknowledged. First, the research sample was relatively small because of cost and time limitations. Secondly, the sample is homogeneous and consists of only the workers in bank branches. These limitations should be considered in interpreting the results and they suggest avenues for further research. The present study provides better understanding the impact of store image and product attributes on consumer's attitudes towards store branded products. Therefore, it leads to greater sustainable competitive advantage and better resource allocation decision.

References

1. Ailawadi, K.L. The Retail Power-Performance Conundrum: What Have We Learned // Journal of Retailing, 2001. – No. 77. – pp. 299-318.
2. Ailawadi, K.L., B.A. Harlam. The Effect of Store Brand Share on Retail Margins: An Empirical Analysis // Working Paper Series No. 02-109, Marketing Science Institute, Cambridge, MA. 2002.
3. Ailawadi, K.L., B.A. Harlam in Ailawadi, K.L., K.L. Keller. Understanding Retail Branding: Conceptual Insights and Research Priorities // Journal of Retailing, 2004. – No. 80 (4). – pp. 331-342.

4. Ailawadi, K.L., K.L. Keller. "Understanding Retail Branding: Conceptual Insights and Research Priorities // Journal of Retailing, 2004. – No. 80 (4). – pp. 331-342.
5. Batra, R., I. Sinha. Consumer-Level Factors Moderating the Success of Private Label Brands // Journal of Retailing, 2000. – No. 76 (2). – pp. 175-191.
6. Bell, D.R., J.M. Latin. Shopping Behavior and Consumer Preference for Store Price Format: Why 'Large Basket' Shoppers Prefer EDLP // Marketing Science, 1998. – No. 17 (1). – pp. 66-88.
7. Corstjens, M., R. Lal. Building Store Loyalty through Store Brands // Journal of Marketing Research, 2000. – No. 37 (3). – pp. 281-291.
8. Delvecchio, D. Consumer Perceptions of Private Label Quality: The Role of Product Category Characteristics and Consumer Use of Heuristics // Journal of Retailing and Consumer Services, 2001. – No. 8. – pp. 239-249.
9. Dick, A., A. Jain, P. Richardson. How Consumers Evaluate Store Brands // Journal of Product & Brand Management, 1996. – No. 5 (2). – pp. 19-28.
10. Garretson, J.A., D. Fisher, S. Burton. Antecedents of Private Label Attitude and National Brand Promotion Attitude: Similarities and Differences // Journal of Retailing, 2002. – No. 78. – pp. 91-99.
11. Guerrero, L. 1996. in Guerrero, L., Y. Colomer, M.D. Guardia, J. Xicola, R. Clotet. Consumer Attitude towards Store Brands // Food Quality and Preference, 2000. – No. 11. – pp. 389.
12. Guerrero, L., Y. Colomer, M.D. Guardia, J. Xicola, R. Clotet. Consumer Attitude towards Store Brands // Food Quality and Preference, 2000. – No. 11. – pp. 387-395.
13. Http://www.carrefour.com.tr [02.02.2008]
14. Http://www.retailing-instititude.com [2002]
15. Inman, et al. in Ailawadi, K.L., K.L. Keller. Understanding Retail Branding: Conceptual Insights and Research Priorities // Journal of Retailing, 2004. – No. 80 (4). – pp. 331-342.
16. Kennedy, R., A. Ehrenberg. The Customer Profiles of Competitive Brands. Proceedings of 29th European Marketing Academy Conference. 2000. Erasmus University: Rotterdam (On CD-ROM).
17. Mehrabian, A. Basic Dimensions for a General Psychological Theory, MIT Press, Cambridge, MA, 1980.
18. Mittchell, V.W. Re-Conceptualizing Consumer Store Image Processing Using Perceived Risk. Journal of Business Research, 2001 – No. 54. – pp. 167-172.
19. Pricewaterhousecoopers Consumer Report. Russia and Central Eastern Retail and Consumer Study. 2003-2004. http:// www.pwc.com.
20. Richardson, P., A.K. Jain, A. Dick. The Influence of Store Aesthetics on Evaluation of Private Label Brands // Journal of Product & Brand Management, 1996. – No. 5 (1). – pp. 19-28.
21. Savascı, I. The New Trends in Retailing: The Development of Private Labels and Applications in Turkey // Management and Economy, 2003. – No. 10 (1). – pp. 85-102.
22. Semeijn, J., A.C.R. Riel, A.B. Ambrosini. Consumer Evaluations of Store Brands: Effects of Store Image and Product Attributes. Journal of Retailing and Consumer Services, 2004. – No. 11. – pp. 247-258.
23. Sethuraman, R. Understanding Cross-Category Differences in Private Label Shares of Grocery Products. Cambridge. MA: Marketing Science Institute, 1992. Report No. 92-128.
24. Sethuraman, R., C. Cole. Why Do Consumers Pay More for National Brands than for Store Brands? Cambridge. MA: Marketing Science Institute., 1997. December. Report No. 97-126.
25. Steenkamp, J.-B.E.M., M. Dekimpe. The Increasing Power of Store Brands: Building Loyalty and Market Share. // Long Range Planning, 1997. – No. 30 (6). pp. 917-930.
26. Van Riel, A.C.R., J. Lemmink, H. Ouwersloot. Consumer Evaluations of Brand Extensions: Differences between Goods and Services // Journal of Service Research, 2001. – No. 3 (3). – pp. 220-231.