

The Effects of Selective Attributes for PB Food of Convenience Store on Purchase and Mouth-to-mouth Intention

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Abstract

The study has made theoretical system by thesis journals at home and abroad, material of the Association of Convenience Store Industry of Korea, materials of Statistics Korea and reference books. First, the study examined convenience store's brand image, cognized value, quality level, reliability upon brand, structural relation of purchasing intention, and designed models and theses. Second, the first questionnaire consisted of test items of precedent study, and inspected in advance to inspect reliability and appropriateness, and made correction and supplemented problems. Third, SPSS and AMOS statistics were used to conduct empirical analysis and to find out conclusion and implications. In this study, the subject was consumers who visited local convenience stores such as GS25, Seven Eleven and CU last 3 months to buy PB food. Consumers' consumption pattern and culture made change to be reasonable and practical owing to aging society, nuclear family, women's entering into the society, one person household consumer, and convenient and prompt buying to make different consumption pattern and to make change of commodity distribution pattern. Convenience store took action against change of the trend to expand business area by new distribution channels to get another growth source. Private brand (PB) food that was distributor's brand was expanded. The PB product has been competitiveness of food service industry.

Keywords: Selective Attributes, PB Food, Mouth-to-mouth Intention, Consumption Value.

1. Introduction

Consumers' consumption pattern and culture made change to be reasonable and practical owing to aging society, nuclear family, women's entering into the society, one person household consumer, and convenient and prompt buying to make different consumption pattern and to make change of commodity distribution pattern. Convenience store took action against change of the trend to expand business area by new distribution channels to get another growth source. Private brand (PB) food that was distributor's brand was expanded. The PB product has been competitiveness of food service industry.

PB of CU includes HEYROO and HEYROO FRIENDS to be important at cookies, drinks and food and beverage. As a result, sales of Heyroo increased by 19.1% in 2017 and occupied 20 to 30% of the sales. PB of GS25 and Seven Eleven was You-U's and 7 Select each. Like HEYROO, both brands steadily released food and beverage product to increase occupancy occupied more than 30% of the sales. (Kim So-hui, Korean Policy News). Not only ratio of the sales but also the sales rose year by year. Sales of PB product of GS25 increased by 37.5% in 2017 by 41.6% in January to August in 2018 (Hyundai Economy Daily News, Jang Eun-jin). PB product of the sales of GS25, Seven Eleven and CU increased from 160 billion KRW in 2008 to 2 trillion and 600 billion KRW in 2013, 16 times up (Chosun Biz, Gwak Chan-yeol).

This study investigated effect of convenience store brand of PB product buyers upon consumers' buying intention and mouth-to-mouth buying. The subject was 200 customers who bought convenience store PB product last 3 months: The study investigated convenience store brand image, quality level, cognized value, reliability upon brand, buying intention and word-of-mouth intention. This study gave material by difference between hedonic group and practical use group to find out value of convenience store PB product of consumers and to give implications and to give consumers information on PB product. The study was based on hedonic value and practical use value and consumption value of convenience store PB product to differ from existing studies.

First, thesis journals at home and abroad, material of the Association of Convenience Store Industry of Korea, material of Statistics Korea

and reference books were used to build theoretical system. The study investigated brand image, perceived value, quality level, brand reliability and buying intention based on precedent studies to make research model and hypotheses. Second, first questionnaire consisted of test items of precedent studies to investigate preliminarily and verify reliability and appropriateness and to make correction and supplement. Third, SPSS and AMOS were used to do empirical analysis, and conclusion and implications were made by statistical test.

The author visited three of convenience stores such as GS25, Seven Eleven and CU last 3 months to meet consumers who bought PB food.

2. Theoretical Background

2.1. Concepts

2.1.1. Brand Image

Information has influence upon formation of brand image to combine a person's psychology and belief and to produce affirmative and negative images. (Kim Yeong-jung, Jeon Yu-jeong, 2015). Affirmative image has great influence upon business marketing to have competition edge. Consumers buy owing to reliability and advantage. And, they do not take sensitive reaction at affirmative brand image to be generous (Hong Wan-su et al, 2006).

Brand image with clues and emotion produces association (Kim Yeong-jeung, Jeon Yu-jeong, 2015). KFC reminds of red color and smiling grandfather, and Facebook does blue color background to let consumers think of natural image. Visual thing of the brand has been combined with impression, assessment, attitude and emotion (Yang Tae-seok et al, 2002). Brand image can be made by long time investment and marketing to increase sales and market occupancy and to be intangible asset (Keller&Aaker, 1998; Kim Dong-kyun, Ko In-gon, 2010).

Image can be disclosed repeatedly to let consumers not to make change of brand image and to have great influence upon consumer's word of mouth and repeated buying. Brand image production can be very much important at the marketing (Hwang Ye-jin, 2016). Brand image shall be made at the marketing (Hwang Ye-jin, 2016). Consumers shall select brand by themselves to give reliability and to buy repeatedly (Lee Jong-jin, 2008).

A hypothesis is:

H1. Convenience store's PB product brand image has significant influence upon buying intention.

2.1.2. Quality

Quality is said to have good performance of product and to have inferior quality. These days, concept of the quality makes change to satisfy customer's demand (Lee Sun-ryong, 1996).

Quality can be classified by five approaches, transcendent, product oriented, user based, product based and manufacturing based and value based (Garvin, 1984). First, the transcendent approach classifies by first attribute to find out by unique characteristics of development. For instance, composer's quality can be determined when listening to his melody composed (Garvin, 1984). Second, quality can be measured clearly and exactly by product based approach. Difference between qualities shall reflect difference and characteristics of the product to test level by grade (Garvin, 1984).

Third, user based approach inspects quality from point of view of user to satisfy consumer's demand and expectation (Garvin, 1984). Fourth, manufacturing based approach inspects that product and/or service are suitable to requirement and specification. Improperness may produce difference and inadequate quality (Garvin, 1984).

Fifth, value-based approach says that quality can be good price. Satisfaction of value and price at certain level can determine quality (Garvin, 1984).

Menu quality means customer's attitude and understanding on the menu (Powell TC, 1995). In the beginning, concept of the quality was based on supplier: When consumer based economy starts to consider objective factor of the product, consumer's perception, purpose and desire, quality has been expanded to be subjective factor (Zeithaml VA, 1988).

Food service industry's quality has relations with menu quality, service quality, environment quality and others. Menu quality is one of factors of success of food service industry to be basic condition of market share and to expand scope of application and decision criteria. (Jang Dae-seong et al, 2004).

A hypothesis is:

H2. Quality level of convenience store PB food has significant influence upon buying intention.

2.1.3. Perceived values

Perceived value has different definition depending upon researchers. A definition (Zeithaml(1988)) has been commonly accepted: Perceived value is said to be customer's assessment on efficiency of the product (Zeithaml(1988) to be subjective and personal and to cognize it in

different way depending upon personal value, desire and preference and others (Shin Hye-won, 2016). Perceived value has four factors (Zeithaml(1988)). First, inexpensive price, second, product that consumers want, third, reasonable quality considering price paid by consumers, fourth, compensation of payment paid by consumers. (Woodruff&Gardial, 1996). Perceived value is said to be consumer's assessment on actual payment and service's efficiency (Chung Jin-u, 2014). The value can be made by comparing time, efforts and expenses to get product and service (Woodruff, 1997). The value means psychological state and exchange between monetary sacrifice (Oh(2000)). The value is difference between customer's assessment, offerings and all of the expenses (Kotler&Keller(2009)). The value is said to evaluate affirmative and negative experience on product and services of the consumer (Kim Seong-tae(2011) and to be benefit on expense perceived by consumers, and to be benefit comparing with perceived expense (Oh Dong-yun, Lee Su-bum, 2013). The value evaluates monetary value and non-monetary value on sales promotion menu perceived by consumers (Yu Yang-ho, 2014).

A hypothesis is:

H3; Perceived value of convenience store PB food has significant influence upon purchase intention.

2.1.4. Brand reliability

The reliability has been examined by politics, economics, sociology, psychology and business administration and others to be complicate and multi-dimensional and to be similar to cooperation, confidence and expect-ability regardless of concept, reliability and object's characteristics and to research multi-dimension (Cho Jae-su, 2014).

Marketing between enterprises developed reliability (Morgan & Hunt(1994): Brand reliability is said to be reliability and honest of the other party and consumers rely upon brand to decrease uncertainty when making decision and to be credibility and benevolence between buyers and sellers and credibility shows the other party's interest and common benefit. (Doney&Cannon(1997). Brand reliability is customer's confidence upon service quality and reliability (Garbarino&Johnson(1999).

Brand reliability can lessen risk factor at product buying and brand product buying (DelVecchio(2000).

Brand reliability believes in competence of specific brand to be one of consumer's inclination (Chaudhuri &Holbrook(2001).

A hypothesis (H4) is:

Brand reliability of convenience store PB food has significant influence upon purchase intention.

2.1.5. Purchase intention

Purchase intention means consumer's expected and/or planned behavior to take action of belief and attitude. Purchase intention is made to take future behavior of consumer as expected and planned (Engel black well(1982) to reflect by behavior. The purchase attitude can be naturally made to have purchase intention and to take purchase behavior finally. The intention is said to be variable between behavior and attitude and to be probability of consumers and to forecast future behavior. The intention that is forecast factor of consumption behavior can be used instead of actual behavior and to have influence when buying a product (Engel & Blackwell, 1990).

Both price and quality have influence upon the success: The ones who buy PB product cognize quality less, so that quality perception of PB product should be elevated (Hoch & Banerji, 1993; Richardson et al.,1996).

Consumers are used to perceive differentiation between product and product quality, and perceived quality has consumer's purchase intention by perceived value and sacrifice (Zeithaml, 1988), and consumers having quality consciousness think of low quality of PB product not to buy it (Ailawadi et al., 2001).

Consumer's cognition on distributor's brand has affirmative influence upon purchase intention, and perceived quality is important to have influence upon purchase intention (Jin Chang-hyeon (2011).

A hypothesis (H5) is:

Purchase intention of convenience store PB product has significant influence upon words of mouth intention.

2.1.6. Words of mouth

Enterprises have goal of profit-making by customer satisfaction that can make words-of-mouth. A lot of precedent studies evidenced positive relation between customer satisfaction and words of mouth. And, some of studies said that relation between satisfaction and words of mouth might be different.

A study on garment, accessory salesman and customers said that satisfaction with salesman could have affirmative influence upon words of mouth to have relation with enterprise's buying ratio of product. (Reynold and Beatty(1999). Customer satisfaction could produce good words of mouth effect (Fornell(1992)), and customers being satisfied with the service gave strong and positive words of mouth (Kim Yeong-ku, Kim Gyo-won, 2007). Those studies did not incorporate personal factors and relation with customers not to reflect flow of dynamic marketing.

Some of consumers were satisfied with product, services and process, while others were loyal despite of dissatisfaction (Buttle(1999). Customers who were not satisfied to move and to recommend did not always give words of mouth (Biyalogorsky et al(2000). In other words, customer satisfaction and repurchase intention and words of mouth were influenced by other factors to have less relation. Relation between

satisfaction and repurchase should be reexamined from point of view of long term relation between customers and enterprises.

Customer satisfaction had influence upon perceived service quality and service quality had influence upon purchase intention and customer satisfaction had influence upon repurchase intention (Bitner(1990)).

Relation with customers is thought to be very much important and to strengthen relation and to do marketing having customers being loyalty (Morgan and Hunt(1994)). The marketing activity can elevate quality of the relation, and relational commitment by reliability can produce favorable attitude toward customer's repurchase. A supplier who does not manage customer based relation shall be removed from long term supplier list, and quality of the relation can be used to develop supplier stratification system. Customer who is satisfied to rely upon and to devote and to keep quality of relation can have continuous relation (Dorsch, Swanson, and Kelly(1998)). Customer who is satisfied with supplier to be reliable and devoted has kept continuous relation.

Relation between consumers and service supplier had positive influence upon consumer's repurchase intention (Maute et al.(1994)). Satisfaction with relation, reliability, commitment, customer loyalty and words-of-mouth had direct relation (Hennig-Thurau et al.(2002)).

Quality of relation has important influence upon words-of-mouth. Consumers buy service supplier not distinguishing service convenience (Crosby and Stephens(1987)). In other words, quality of the relation is higher than important service. Continuous trade opportunity shall be decided by relation between perceived consumer and service supplier rather than success of prior trade (Crosby et al.(1990)), and social satisfaction is higher than economic advantage (Czepiel(1990)). Convenience of the relation is higher than important service (Hennig-Thurau et al.(2002)), and goal of control for customers who are satisfied and do not buy is improvement of relation rather than quality (Yang Byeong-hwa, 2008).

And, service satisfaction has more influence upon repurchase intention and words-of-mouth. Perceived quality is the most important source of customer satisfaction (Teas(1993), Zeithaml et al.(1996), Fornell et al.(1996)). Customers whose quality of relation have high satisfaction are not much influenced by quality of relation (Park Jeong-eun, 1998).

Different result of relation quality and service satisfaction says that quality of the relation has mediating effect upon relation quality.

2.1.7. Practical Value and Hedonic Value

Personal value consists of terminal value and instrumental value (Rokeach(1973)).

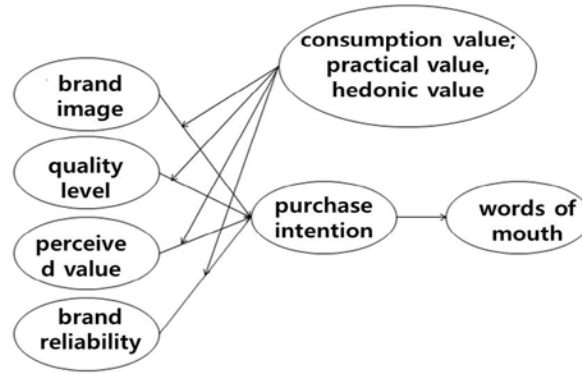
End state value means end state of existence that one wants to reach in the life, and instrumental value is behavioral style that one wants to reach end state value. Consumer value means mutual and preferred experience (Holbrook(1999)) to follow conceptual definition. Consumer value is said to evaluate an object by someone. The value is to evaluate an object by someone. The value is to evaluate outcome afterward (Holbrook(1999)) and to judge in advance (Rokeach(1973)). Common and ultimate value (Rokeach(1973)) shall be judgment to be similar each other (Holbrook(1999)). This study examined result of the construct in the implementation of instrumental value and end value by purchase and consumption. Product is said to be lump of the attributes from point of view of physical properties. Consumers buy product owing to benefits of the physical attributes.

The benefit is to be desirable result at buying of products and/or brand to exclude undesirable result. The product is to be benefit from point of view of consumers, and consumers look for not benefit but value of abstract concept.

Means-end chain says that consumers attain goal of benefit by product attribute to implement values (Gutman(1982)). The consequence makes appearance after buying and consuming of the product. Practical result comes from consumer's practical motives to experience product, and hedonic result does from emotional and psychological result after use to think of product by consumers.

Hypotheses are:

- H6. Convenience store PB food's brand image has significant influence upon practical value.
- H7. Convenience store PB food's quality level has significant influence upon practical value.
- H8. Convenience store PB food's perceived value has significant influence upon practical value.
- H9. Convenience store PB food's brand reliability has significant influence upon practical value.
- H10. Convenience store PB food's brand image has significant influence upon hedonic value.
- H11. Convenience store PB food's quality level has significant influence upon hedonic value.
- H12. Convenience store PB food's perceived value has significant influence upon hedonic value.
- H13. Convenience store PB food's brand reliability has significant influence upon hedonic value.



<Figure 1> Study Model

3. Conclusion

Enterprises shall produce affirmative brand image to elevate brand reliability and to give customers belief and to elevate quality level at competition and to develop good quality PB food. Enterprises shall find out customer's perceived value to satisfy customers by reasonable price and quality.

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