THE EFFECT OF STORE IMAGE, SERVICE QUALITY AND PRIVATE LABEL BRAND IMAGE TOWARD PURCHASE INTENTION ON VALUE PLUS HYPERMART MALANG TOWN SQUARE MALANG

by:

Made Shri Wijaya Sunu

International Management, Faculty of Economic and Business

University of Brawijaya

madeshriwijayasunu@yahoo.com

Supervisor:

Dimas Hendrawan, SE., MM

ABSTRACT

This research aims to determine the effect Store Image, Service Quality, and Private Label Brand Image on Purchase Intention of Hypermart Private Label Brand Malang Town Square Malang in partially. The research is explanatory research when explains the causal relation between the variables through hypothesis testing. The data collection technique of this study is uses questionnaires and literature study.

This study used 190 samples of Hypermart's consumers in Malang Town Square, Malang. Those samples were taken using a purposive sampling technique. Test equipments that are used for testing the research instrument are validity test, reliability test, and classical assumption test. The analytical methods that were used are multiple linear regression and hypothesis testing are conducted with t test using SPSS 16.

The result of this study shows that in partial with using testing t is concluded that Store Image and Private Label Brand Image have significant effect towards Purchase Intention, while Service Quality has no effect in partially. New fact that found in this study indicates that respondents agree that Service Quality in Hypermart Malang Town Square is neutral, however they are not make/influence them in the purchase intention of private label brand in Hypermart.

Key Words: *Store Image*, *Service Quality*, *Private Label Brand Image*, *Purchase Intention*

INTRODUCTION

Retail industry in Indonesia currently grows rapidly. It is due to the development of technology, open economic system, and better income of the society that elevates purchasing power. Retailers see this situation as an opportunity to develop their businesses and thus they build minimarket, supermarkets, and hypermarket as we can see everywhere in downtown and some shopping centers. Foreign retailers are also interested in entering Indonesian market because Indonesia has the fourth largest population in the world.

The growth of the retail industry triggers tighter competition. Besides, the tighter competition among retail industries is also caused by several foreign retail brands which enter Indonesian market. There are some examples of retail companies from Indonesia like Hypermart, Giant, Alfamart, Indomaret, and some foreign retail companies like Seven Eleven, Circle K, and Lottemart. The foreign retail companies which are professionally managed force domestic retail brands to be more professional in managing their retail store in order to compete and serve the consumer better than its competitors. Those retailers needs a strategy to win over consumer heart by continuously pay attention to customer satisfaction and customer loyalty (Bloemer and Schroder, 2002).

One of the strategies that a retail industry can apply to be able to compete with the foreign brands is by building good store image and providing good service quality for consumer. Store image is the personality of the store (Sopiah and Syihabudhin, 2008). Consumers tend to shop at stores that are suitable with the image that have been built. This is in line with a research conducted by Preez and Vyver (2010) stating that store image is a vital part of marketing communication and it delivers corporate identity since store image is able to influence consumer perceptions.

The strategies that can help retail industry to grow up rapidly or to get competitive advantage such as consumer satisfaction cannot neglect the importance of service quality. According to Lewis and Booms in Tjiptono and Chandra, 2005 "Service quality serves as a measurement on how well the level of service provided is capable of meeting the customer expectations".

In search of a product, consumer will also see the brand image from products they want to buy. Therefore the brand image from a product is also one of the most important things. It is because nowadays the emergence of various products in one category with the quality of products that have become standard can be easily replicated and owned by anyone. Thus, it creates difficulty for a company to maintain itself as a market leader. To win the competition among competitors and to maintain its market share, one of the strategies that a company uses is by establishing strong brand image of the company. Without a strong and positive brand image, it is very difficult for a company to attract new customers and retain the existing ones (Ismani, 2008: 18).

According to Kotler & Keller (2012), in the process of purchasing, the consumer's purchase intention is closely related to its

motive to use or purchase certain products. Consumers will find out as much information as possible about the products they want to buy. When the amount of information reaches a certain level, consumers start the assessment and evaluation process and make a purchase decision after doing a comparison and assessment. The strategy of retail companies to increase their profits besides selling products from other manufacturers can be done by launching their own product called as private label brand. Private label brand product is one of the ways that retailers can do to win the competition that is winning over the consumers heart by implementing a price sensitive strategy (Listiyani, 2011). Diallo (2003) explains that private label brand is also a way to differentiate a certain company with other competitors and through private label, retailers can build customers loyalty.

There are a lot of retailer companies launching their own private label brand and one of them is Hypermart. Hypermart is one of the biggest retailers in Indonesia which is in the division of Matahari Food Business as subsidiaries of PT.Matahari Putra Prima Tbk. Until 2015, Hypermart has 102 stores spreading throughout Indonesia (Hypermart, 2014). There are various strategies performed by Hypermart Matos to stay close to their customers, such as building a good store image, service quality which meets the standards, and increasing their profitability. Hypermart launches private label brand named Value Plus.

The products under Value plus label are various ranging from sugar, mung bean, juice, facial tissue, liquid soap, hand soap, detergent, container, and soy sauce. There are some strategies that need to be performed by Hypermart to increase the sales of the products under Value Plus brand. One of them is by offering good quality products with competitive price compared to similar products.

Hypermart Malang Town Square (Hypermart Matos) is one of the Hypermart which is officially operated since 2005. In a period of over 10 years, Hypermart Matos proves that it can survive and exist in the retail business. Related to this, Hypermart matos realizes that renewing strategies is one of important things to survive in this business, one of which is done by building store image.

The store image owned by Hypermart Matos is good such as the availability of various national brand products This aims to meet the demands of different consumers. From the quality of the product, Hypermart Matos certainly chooses products that have already had good quality so that when consumers buy it, they will get the value of the products. With guaranteed quality, Hypermart Matos still provides their products at cheaper prices to attract consumers. The convenience store atmosphere is also considered by Hypermart Matos by providing good decoration on the stores such as giving sign on each side of the aisles so that visitors are not confused in finding out products.

Hypermart Matos realizes that beside store image, the delivery of a good service quality is an important strategy too. It can be seen when the employees can give satisfying answer when once the consumers need the information. Besides that, the employees of

Hypermart should be good looking and appealing. Next, Hypermart Matos also considers its service environment as it always tries to make store clean and makes sure that there are no goods scattered. If the service quality has been well executed, then the comfort of consumers in shopping will be well maintained and the consumers will possibly have the intention to purchase Value Plus products from Hypermart Matos.

In relation to the purchase intention of Value Plus product Hypermart Matos, the consumer will always see the brand image from the product because brand image is an important aspect for purchase intention (Esch et al., 2006). According to Kotler and Keller (2009), brand image refers to the process by which a person chooses, organizes, and interprets input information to create a meaningful image. So after Hypermart Matos makes a good store image and good service quality, the Value Plus product can get good image from the consumers and the purchase intention of Value Plus will arise.

LITERATURE REVIEW

Store Image

One of the purposes of every store is create and maintain a good store image. According to Martineau (1958) in Chang and Luan (2010) defines store image as the way in which the store is defined in the shopper's mind. There are five dimensions of store image according to Collins-Doss and Lindley (2003) in Wu, YuhYeh, and RuHsio (2011) as follows Product Variety, Product Quality, Price, Value for Money, Store Atmosphere.

Service Quality

According to Tjipono and Chandra (2011), service quality measures how good the level of service provided by the customer is able to be realized as expected. Hoffman & Bateson (2008), Service quality is an attitude formed by long-term, overall evaluation of a firm's performance. Farida Jasfar (2009: 50) Service quality is a comparison between the services perceived (perception) customers with the service quality that customers expect. According to Brady and Cronin (2001), there are three dimensions of service namely interaction quality, physical environment quality, outcome quality.

Private Label Brand Image

According to Beneke (2010, p.203), private label also known as store brand is a brand that is owned by the retailer and sold through retail outlets concerned. The concept of private label brand is actually an extension of brand concept. A brand image is defined as the sum total of brand associations held in consumer memory that lead to perceptions about the brand (Keller, 1993 in Vahie and Paswan, 2006). For this study, a concept from Vahie and Paswan (2006) will be used to measure private label brand image. Vahie and Paswan (2006) categorizes private label brand image into two dimensions, which are quality and affection.

Purchase Intention

According to Irawan, Pane (2011: 66-79), purchase intention is a strong desire, passion and heart of a very high tendency to

get something by way of sacrifice, or get something by paying money. According to Bearman (2001), written and adapted by Samuel, Wijaya (2008: 35-54), the growth of purchase intention or interest in buying is caused by the elements which consists of three phases information search, awareness, stimulation.

Figure 1

Hypothesis
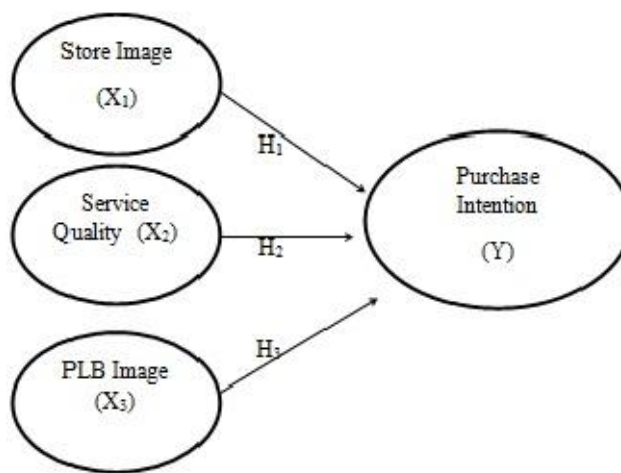
H_1: Store Image significantly affects Purchase Intention of Value Plus Hypermart in Malang Town Square Malang"
H_2: Service Quality significantly affects Purchase Intention of Value Plus Hypermart in Malang Town Square Malang"
H_3: Private Label Brand Image significantly affects Purchase Intention of Value Plus Hypermart in Malang Town Square Malang"

RESEARCH METODOLOGY

The method used for this research is an explanatory research which is a method that takes a sample of a population and uses questionnaires for data collection.

According to Singarimbun and Effendi (2006: 5), explanatory research is research that describes causal relationships between variables through hypothesis testing. Therefore, explanatory research is a research used to test hypotheses about the relationship between variables (causal relationship).

The research was conducted at Hypermart Malang Town Square Malang located at Jl. Veteran No. 2 Malang, East Java, which operates in the field of the retail industry. The population used in this study was a consumer of Hypermart Malang Town Square. The number of 190 respondents was obtained from the results of counting the number of 19 items multiplied by ten (19x10 = 190). In addition, the number of 190 respondents has been categorized into the rules of decent sample size in a study like that has been expressed by Roscoe in Sugiyono (2014) stating that the rules regarding decent sample to be studied is 30 to 500. Sample selection is conducted by Non-Probability Sampling Technique using purposive sampling technique, as the sampling technique based on certain considerations (Sugiyono, 2014).

There are some considerations of samples used in this study:
1. The respondents have the age of 17 and more
2. The respondents are those who have ever visited to Hypermart Malang Town Square Malang.
3. The respondents know about the Private Label Brand of Hypermart

RESULT AND DISCUSSION

Validity Test

An instrument is said to be valid if it is able to measure what is desired. An instrument is said to be valid if it can reveal the data of the variables studied precisely (Arikunto, 2010: 211). Whether or not an item of an instrument is valid it can be determined by comparing the correlation index of Pearson Product Moment with significance level of 5% as a critical value

Reliable Test

Reliability refers to an understanding that an instrument fairly can be trusted to be used as a means of collecting data because the instrument is good (Arikunto, 2010: 221). Instruments can be said to be reliable if the validity of the calculation is bigger than the critical value at 0.05 significance level ($\alpha = 5\%$) and by using Cronbach Alpha test, a variable is said to be reliable if the value of Cronbach Alpha is bigger than 0.60.

Multiple Linear Regression Analysis

The formulation of multiple linear analysis model that can be used are as follow (Sugiyono, 2014):

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \ldots + b_nX_n + e$$

Table 1
The Result of Partial Test (t test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1.913	.788		-2.428	.016		
	X1	.086	.041	.150	2.129	.035	.637	1.569
	X2	.050	.040	.096	1.242	.216	.534	1.873
	X3	.283	.039	.495	7.221	.000	.674	1.484

a. Dependent Variable: Y

Determination Test
Table 2
The Result of Determination Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.640^a	.410	.401	1.31329	1.996

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y

Based on Table 2, the regression model has a coefficient of determination (Adj. R2) of 0.401 or 40.1%. This means that the Purchase Intention (Y) variable is described by 40.1% by Store Image (X_1), Service Quality (X_2) and PLB Image (X_3)

variables. Meanwhile, the rest of 59.9% is explained by other variables outside the regression equation or not examined in this study.

Partial Test

Based on table 1, the value of t table is 1.972 and the significant less than 0.05 it means that X_1 and X_3 significantly affect the purchase intention but variable service quality (X_2) not significantly affect the purchase intention (Y).

The phenomenon can occur because there are several factors affecting the Service Quality. They are employee lack of knowledge of the product, employee slow response when serving the consumers. Besides, the consumers does not always get a good experience when shopping at Hypermart and consumers might have never tried to shop in other hypermarket so consumers cannot compare the service quality that their agreement regarding the quality of service at Hypermart to be neutral but it does not affect their purchase intention

CONCLUSION AND SUGGESTION
Conclusion
1. Store Image significantly affects Purchase Intention of Value Plus Hypermart in Malang Town Square Malang
2. Service Quality does not significantly affect Purchase Intention of Value Plus Hypermart in Malang Town Square Malang
3. PLB Image significantly affects Purchase Intention of Value Plus Hypermart in Malang Town Square Malang
4. Consumers of Hypermart Malang Town Square Malang has a high tendency to measure Store Image based on the availability of a variety of products
5. Consumers of Hypermart Malang Town Square Malang has a high tendency to measure Service Quality based on indicators of service environment quality
6. Consumers of Hypermart Malang Town Square Malang has a high tendency to measure PLB Image based on indicators of quality

Suggestion
1. Hypermart Malang Town Square Malang must create a good store atmosphere to make consumers feel comfortable when shopping such as adding more lighting and repainting the wall.
2. Hypermart Malang Town Square Malang should give product knowledge and interaction quality training to increase the Hypermart service quality.
3. Hypermart Malang Town Square Malang can position its employee in front of the store to welcome the consumers by giving them greetings and distributing the newest catalogue.
4. Hypermart Malang Town Square Malang should implement a strategy such as reducing the defect probability of PLB products and setting up exclusive shelves for PLB products.
5. Hypermart Malang Town Square Malang can promote catalogue via advertising like in radio, television and also in magazine or newspaper
6. For the next research, the researcher suggests to include some variables that can influence purchase intention.
7. Hopefully this research can be used as a reference for further research to develop

this research by considering other variables that are other variables outside the variables that are included in this study.

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