THE EFFECTS OF STORE IMAGE AND KNOWLEDGE AND FAMILIARITY OF PRIVATE LABEL BRANDS (PLBS) ON CONSUMERS’ PERCEPTIONS OF PLBS AND PATRONAGE BEHAVIOR

by

JENNIFER MCBRIDE

(Under the Direction of Yoo-Kyoung Seock)

ABSTRACT

With the rising competition in retail market, retailers found that increasing PLBs is one way to satisfy the consumers’ various needs and wants, and thus build customer loyalty and create differentiation from the competition. Given the growing importance of PLBs at department stores, it is crucial for retailers to understand consumers’ attitudes and patronage behavior towards PLBs. This study investigates how store image and knowledge and familiarity of PLBs influence consumers’ perceptions on PLBs offered by the department stores and their patronage behavior of PLBs. A questionnaire was distributed in a Southeastern state to women ages of 35 and 54 asking questions related to their favorite department stores and PLBs. A multiple regression analysis of the data concludes that how much a consumer knows about a PLB determines their attitudes and purchase intentions towards PLBs. However, only store image constructs of price and service affects PLB perceptions and patronage behavior.

INDEX WORDS: Private label brands, Branding, Store image, Knowledge, Patronage
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CHAPTER 1
INTRODUCTION

Private label brands began in the United Kingdom and began spreading to Canada and the
United States (Information Resources, Inc., 2006) and they became of great importance to
retailers and consumers over the past decades (Provigo, Inc., 2007). Before the 1970s, private
label brands (PLBs) were considered lower priced alternatives to national brand products. Until
recently, private label brands were found primarily in grocery chains. Grocery chains develop
their own brands and design packaging of the foods to be similar to the national brands within
the same food category. PLBs in grocery stores cost the stores less money than their national
brand counterparts because they offer the stores the ability to control all manufacturing and
advertising costs; thus creating more profit margin for the store and lower prices for the
consumer. Following the grocery store model, other retailers began introducing their own private
label brands. Rapidly, PLBs began disseminating across other non-food product categories,
including apparel. While private label brands may have begun as an inexpensive, money-saving
alternative to national brands, retailers soon realized that customers are seeking high quality
brands. With the rising competition in recent retail markets, retailers found that increasing the
variety of products with PLB is one of the ways to satisfy consumers’ various needs and wants,
and thus build customer loyalty and create differentiation from the competition. Moreover, as the
PLBs lead to increased profits for retailers compared to national brands, they began stocking
their shelves and aisles with exclusive, high quality private labels to satisfy their customers and enlarge their clientele (Provigo, Inc., 2007).

According to Provigo, Inc (2007), in 2000, private label brands in North America held 20 percent of retail sales. That number is expected to reach 27 percent by 2010. The Private Label Manufacturers Association (PLMA, 2009) states that one in every five products sold in U.S. supermarkets, drug stores, and mass merchandisers in 2008 were private label brands. PLMA also states that 60 percent of consumers report buying private label brands on a regular basis, which brought retailers $80 billion in 2008, up 22 percent from 2007. These numbers are not as surprising given that private label brands saved consumers approximately $15.8 billion in 2008 (Private Label Manufacturers Association, 2009).

Recognizing that branding is crucial in the highly competitive retail market in order to capture a wider market share and maintaining a harmonious relationship with its customers (Dennis, Murphy, Marsland, Cockett and Patel, 2002), midscale department stores such as Macy’s Inc, Belk, Inc, and JC Penney have placed great emphasis on their private label brands. Beginning with a single PLB, most department stores have now launched multiple PLBs varying in style, quality, price, and target market. Macy’s, Inc. (2008) claimed their private labels, including Alfani, Style & Co., Tasso Elba, and Charter Club, embodied 19 percent of their total sales in 2007. JC Penney Media, L.P. (2008) has several private labels such as St. John’s Bay, Arizona, and Worthington, which account for over 45 percent of 2007 sales. Department store private label brands can range from standard to premium labels, varying in price and quality (Information Resources, Inc., 2006), which enables consumers to have greater freedom in product choices among private label brands offered by the store.
Given the growing importance and popularity of PLBs at department stores, it is crucial for department store retailers to understand consumers’ attitudes towards and patronage behavior to PLBs. While an immense amount of research has been conducted on the benefits and effects of grocery chain PLBs, however, little research focuses on PLBs in the apparel industry, especially department stores which sell both national brands and their own private labels (Vahie & Paswan, 2006). Grocery products are considered utilitarian, functional products with a sense of convenience attached to them. Apparel products, however, are considered experiential with a sense of symbolism and social risk attached to them (Vahie & Paswan, 2006). Generalizing the findings of grocery PLB studies to cover apparel PLBs is inappropriate. Thus, this study investigates how consumers perceive specific private label brands offered by the department stores and how such perceptions affect their patronage behavior of private label brands of the store. This study will provide insight to improve opportunities for department store executives.

As private label brands are considered a differentiator of the store from others, patronage behavior of PLBs may directly affect patronage to the store. Brand patronage gives consumers and retailers several benefits. According to Kim, Morris, and Swait (2008), brand patronage allows consumers to become familiar with a brand and place trust in a brand. Consumers with trust in a brand are more likely to perceive the brand as meeting their expectations (Kim, Morris, & Swait, 2008). Repeat purchasing can help provide this trust. For retailers, Kim, Morris, and Swait (2008) claim that brand patronage lowers competition from other retailers, increases profit margins, and increases advertising and promotional efficiency. In addition, since private label brands are differentiators for the store, the patronage of PLBs directly affects patronage to the store. Thus, knowing how to influence PLB patronage is important to maintaining healthy store
patronage. In this study, the predictor of store image will be examined to determine its influence on PLB patronage. Within store image, the predictors of selection, quality, and service, along with convenience and store atmosphere, will be considered. In addition, PLB-affective perceptions, PLB preference, and knowledge and familiarity of PLBs will be observed to verify their influence on PLB patronage. Therefore, understanding consumers’ PLB patronage behavior and influencing factors will be essential to maintain loyal customer base to the store. A consumer’s attitude toward a private label brand can also be called its affective perception (Keller, 1993). PLB-affective perceptions decide whether consumers think private label brands are desirable or undesirable for purchase. There are several factors that can influence PLB-affective perceptions. This study examines the effect of the amount of knowledge and familiarity one has about a PLB on PLB-affective perceptions, and the effect of store image on PLB-affective perceptions.

Consumers may have a brand preference, either for national or private label brands. A preference for PLBs indicates that the consumer would rather purchase a PLB than a national brand in a department store. Department store executives should understand the consumers’ preference for PLB to better stock their store with the appropriate merchandise. However, most studies conducted on PLB preference has been performed in the grocery industry (Dick, Jain, Richardson, 1995). Research on PLB preference in the apparel industry is lacking. Moreover, negligible research, regardless of industry, has explored PLB-affective perceptions as an antecedent for PLB preference or the effects of consumer preferences for PLBs on PLB patronage. In this study, both concepts will be addressed. The study will investigate how
consumer perceptions of PLBs affect consumer preferences for PLBs, as well as the effects PLB preference will have on patronage behavior toward PLBs.

Through advertising, promotions, and repeat purchasing, consumers can gain a great deal of information about PLBs. The amount of information about PLBs gained by consumers is a result of marketing efforts by retailers and the attention consumers pay to those marketing efforts. Marketers may not be able to control the consumers’ attention, but marketers can control the amount of advertising and promotions that make information about PLBs available for consumer use. Understanding how the amount of knowledge and familiarity a consumer has about a private label brand affects PLB-affective perceptions is important. How much a consumer knows about a brand and how often it is used directly indicates the consumer’s familiarity with the brand. Familiarity with a private label brand can influence the attitudes a consumer has about that private label, especially quality (Koshy, 2008). Dabija and Pop (2008) claim that a brand that is recognized by consumers is more likely to be chosen and purchased because its familiarity is an implication of trust and quality.

Numerous researchers have examined store image in their studies. While different researchers use different criteria to measure store image, there are several key characteristics universal to most studies. In this study, store image will consist of consumer perceptions of quality (Paswan & Vahie, 2006), service (Lindquist, 1974), atmosphere (Lindquist, 1974; Martenson, 2007), selection, and convenience (Lindquist, 1974; Paswan & Vahie, 2006). Perceptions of all of these measures make up the total perception of the store, or the store image. Store image affects store loyalty due to consumers placing higher value and satisfaction to a store with a higher image (Bloemer & Ruyter, 1997). If store loyalty is higher then revenues are
more likely to increase. While store image has shown little effect on the image of national brands, Hyman and Lee (2008) suggest the effect of store image on PLBs may be significant. However, little information is known about the affects store image will have on PLB-affective perceptions. Although previous studies indicate that PLBs congruent with a store’s image can help reinforce that image (Hyman & Lee, 2008), the effects of store image on PLB-affective perceptions still need to be examined. Since PLBs differentiate stores from one another, store loyalty is likely to increase as PLB-affective perceptions and PLB patronage increase (Collins-Dodd & Lindley, 2003). Collins-Dodd and Lindley (2003) suggest that retailers need a strong relationship between store image and PLB-perceptions in order to successfully differentiate themselves. Therefore, retailers need to know how store image will affect PLB-affective perceptions and PLB patronage behavior.

The purpose of this research is to examine the effects knowledge and familiarity of private label brands and store image have on the perceptions and patronage of private label brands in midscale department stores. In addition, the present research attempts to investigate the influence of private label brand perceptions on patronage behavior of private label brands. Most studies conducted on PLBs have been on grocery products, not apparel products. Since research needs to be conducted concerning apparel PLBs, it is important to analyze PLBs in a retail store that places great emphasis on PLBs. Midscale department stores sell both national brands and private label brands in a variety of product categories, including apparel, accessories, fragrances, cosmetics, small household appliances, and sometimes small furniture. Midscale department stores are typically anchor stores in shopping malls, and merchandise is generally moderately-priced. Belk, Inc, Macy’s, Inc, Sears, JC Penney, and Dillard’s are examples of midscale
department stores. Approximately half of a midscale department store’s floor space consists of private labels (Information Resources, 2006). Women’s apparel PLBs will be studied in this research since the target market for midscale department stores include women between the ages of 35 and 54 who make middle to upper income (Hoover’s Inc., 2009). According to Hoch (1996) and Coe (1971), the main consumers of private label brands also include middle age consumers that are educated, with middle income. Women consumers provide the most revenues to midscale department stores, therefore their perceptions and purchase decisions directly affects store sales, and in this case private label brand sales as well. Therefore, it is essential for this study to focus on this group of consumers who will create the greatest impact on private label brand sales, and in turn, store sales.

**Statement of Objectives**

The main objectives of this research are as follows:

1. To identify store image constructs
2. To examine the influence of store image on consumer perceptions of PLBs of midscale department stores.
3. To examine the influence of knowledge and familiarity of private label brands (PLBs) on consumer perceptions of PLBs of midscale department stores.
4. To examine the relationship between consumer perceptions of private label brands and patronage behavior of private label brands.
5. To examine the influence of store image on patronage behavior of PLBs.
6. To examine the influence of knowledge and familiarity of PLBs on patronage behavior of PLBs.
Significance of Study

This study will provide department store executives insight on the perceptions consumers have of the store’s private label brands. As private label brands increasingly cover more sales floor area in midscale department stores and more energy is devoted to developing and maintaining these private label brands, executives of department stores need to understand whether consumers appreciate private label brands and consumers expectations of private label brands. Department stores also need to understand the effects consumer perceptions of private label brands and store image have on whether consumers will make repeat purchases of the store’s private label brands. It is essential to ensure the consumers’ needs and desires are being met and the proper target market is being attracted and retained.

Conceptual Definitions

1. **Private label brands** are products developed by a retailer or wholesaler and sold exclusively by that retailer or wholesaler usually at lower prices and at a better profit margin. Private label brands are alternatives to national brands.

2. A **department store** is a retail store that offers a variety of merchandise and services ("Department Store," 2000). The merchandise and services are separated into separate departments. Department stores also sell numerous different brands within each product category.

3. **Midscale department stores** are department store which offers a variety of goods including cosmetics, fragrances, national and private label branded apparel,
accessories, small household appliances, and possibly small furniture. Merchandise in midscale department stores are moderately priced (Karr, 2009).

4. **Patronage behavior** is repeat purchasing with a commercial establishment by its customers.

5. **PLB-affective perceptions** are the attitudes one has towards private label brands (Vahie & Paswan, 2006).

6. **Store image** is the set of consumer perceptions of a store based on different attributes, including service, selection, convenience, store atmosphere, and quality (Bloemer & Ruyter, 1997).

7. **Brand knowledge and familiarity** refers to the amount of information a consumer knows and remembers about a particular brand.

8. **PLB preference** is the inclination consumers have to choose a private label brand over a national brand, but will accept a substitute if that brand is not available (Brand preference, 2009).
CHAPTER 2
REVIEW OF LITERATURE

PLB Patronage Behavior

While the majority of significant apparel brand-related findings concern national brands, some can be generalized or adapted to include private label brands. However, apparel PLBs need to be researched further since they are typically less well-known and are store specific, which are two considerable differences between PLBs and national brands. While some studies contend that price, not brand equity, is a deciding factor in PLB patronage, previous studies conducted on PLBs have primarily focused on grocery products. Grocery PLBs are more price sensitive than apparel PLBs; therefore the findings from most prior PLB studies cannot be generalized to include all PLBs. Few studies have examined how the amount of knowledge and familiarity of PLBs, which result in brand equity, will affect apparel PLB perceptions and PLB patronage.

Patronage behavior, or the repeat purchasing of a brand by consumers (Brink, Odekerken-Schroder, & Pauwels, 2006) has been the center of several previous studies and is seen by retailers as an essential way to achieve success and sustainability. While most of these studies pertain to national brands, there are several reasons as to why PLB patronage behavior should be a crucial focal point for retailers. PLB patronage behavior is believed to provide incentives for both consumers and companies. Repurchasing of PLBs allows the consumer to develop favorability towards the brand and place trust in the brand. A PLB in which a consumer places trust offers comfort that the brand will meet expectations (Kim, Morris & Swait, 2008).
For retailers, PLB patronage can supply the company with several benefits. PLB patronage provides retailers with negotiating leverage with national brand manufacturers (Ailawadi, Pauwels, & Steenkamp, 2008), higher retail margins on PLBs (Ailawadi, et al., 2008; Sudhir & Talukdar, 2004), higher store loyalty (Ailawadi, et al., 2008), less competition form other retailers, and increased advertising and promotional efficiency (Kim, Morris, & Swait, 2008). In addition, previous studies have indicated that if PLB patronage is high among consumers, the price gap between PLBs and national brands can decrease (Collins-Dodd & Lindley, 2003) and more profits can be obtained by the retailer.

PLBs are believed to lead to higher profits for the store since PLBs are deemed more profitable than national brands. Generally, PLBs have higher profit margins than national brands because of lower production costs, lower advertising and marketing costs, and the removal of the middle man. Some believe the lower prices spent on PLBs do not offset the lower retail price PLBs are sold for (Ailwaldi & Harlam, 2004). However, these studies focus on grocery PLBs, which are sold for significantly lower prices than national brands. Midscale department store apparel PLBs, however, are sold at a range of prices with their higher quality lines being priced similarly to competing national brands. Therefore, with higher PLB patronage, retailers make higher profits.

Previous studies indicate that PLBs also increase store loyalty. Since PLBs are store restricted and cannot be found in other retail stores, they entice customers with exclusivity and help increase store traffic (Ailawadi, et al., 2008). Sudhir & Talukdar (2004) suggest that consumers who spend more time in a retail store and purchase more of their PLBs are more likely to move additional purchases to that store. Consumers who move more of their purchases
to the store will also purchase additional brands offered by the retailer, which increases the overall spending in the store (Sudhir & Talukdar, 2004). Many retailers also benefit from selling PLBs in the sense that PLBs allow retailers to be proactive sellers rather than submissive dispensers of manufacturer brands.

PLB patronage can have several antecedents, including store characteristics (store image), PLB-affective perceptions, and PLB cognitive associations, or knowledge of the PLB (Brink, Odekerken-Schroder, & Pauwels, 2006). Brink, Oderken-Schroder, and Pauwels (2006) suggest that consumer affective-perceptions toward brands and cognitive knowledge about a brand can influence repurchase behavior. According to Brink, Oderken-Schroder, and Pauwels (2006) brand affective perceptions and the amount of brand knowledge make up a consumer’s relative attitude toward a brand. Therefore, there may be strong association between the relative attitude of a PLB and the patronage behavior of a PLB.

**PLB-affective Perceptions**

Affective perceptions of a brand, or a consumer’s attitude toward a brand (Vahie & Paswan, 2006), are made up of a consumer’s emotional perceptions, opinions of quality, and the general assessments of a brand (Low & Lamb, 2000). According to a study conducted by Low and Lamb (2000), when a consumer develops an attitude towards a brand, he or she assesses any functional and symbolic beliefs associated with the brand as well as the brand’s overall advantages, quality, and performance. The combination of these perceptions and one’s overall evaluations of a private label brand develop the PLB-affective perceptions.

Most researchers measure brand attitude using the multiattribute measure (Romaniuk & Sharp, 2003; Keller, 1993). With the multiattribute method, brands are evaluated on a group of
attributes and an overall attitude about the brand is formed. Keller (1993) claims that brand perceptions are made up of attributes and benefits. Brand attributes are defined as characteristics of a product and what is involved in the purchase of a product; benefits are the equivalent of the value that the product provides the consumers (Keller, 1993). The value of a product consists of what a consumer feels the product will do for them. According to Keller (1993), benefits perceived by a consumer are made up of functional benefits (basic necessities), experiential benefits (pleasure, stimulation), and symbolic benefits (social approval, self-esteem). Brand personality is also a factor in the development of brand attitudes. Together the total beliefs about the brand make up the brand attitudes, or overall evaluations and affective-perceptions of the brand. A positive affective-perception of a PLB can be formed if the consumer deems the brand as having positive attributes and benefits that fulfill the consumer’s wants and needs (Keller, 1993).

Affective-perceptions of a brand determine consumer behavior and a PLB’s success. Singh and Spears (2004) proposed a definition of brand perceptions that entails its effect on consumer purchasing behavior. The definition states that “attitude toward the brand is a relatively, enduring…summary evaluation of the brand that energizes behavior” (Singh & Spears, 2004, pp 55). In other words, brand perceptions involve the overall evaluation of a brand which influences the consumer’s purchase decisions.

In a study by Liljander, Polsa, and Riel (2009), the relationship between purchase intentions and the perceived value and quality, dimensions of brand attitudes, of PLBs was studied. Results of the study suggested that as the perceived value and perceived quality of the PLBs increased so did the consumers’ willingness to purchase PLBs. Consequently, PLB
affective-perceptions can determine purchase and repurchase intentions, which in turn lead to the influence of purchase and repurchase behaviors. If a consumer’s attitude toward a brand is constructive and strong, consumers are more likely to choose that brand and develop patronage towards that brand (Keller, 1993). Romaniuk and Sharp (2003) also concluded that consumers who have more positive perceptions of brands will have higher patronage to those brands. Other research has found that over 60 percent of brands with an increase in consumer perceptions experienced an increase in market share (Faircloth, Capella, & Alford, 2001); hence further emphasizing the positive relationship between PLB-affective perceptions and PLB patronage.

**PLB Knowledge and Familiarity**

PLB knowledge indicates how much a consumer knows about a brand and what associations consumers make with a brand when they think about that brand (Keller, 2003). Consumers with more experience with a particular brand will have deeper knowledge structures pertaining to the brand and a consumer has stronger associations with a brand that is familiar (Low & Lamb, 2000). According to Kim, Morris, and Swait (2008), experience with a brand and information provided to consumers by retailers about a brand determine brand trustworthiness and expertise. Brand trustworthiness refers to the trust a consumer places in a brand that it will perform as expected. Trustworthiness is related to how familiar a consumer is with a particular brand. Brand expertise is how much knowledge the consumer has about whether the brand is capable of performing as expected. Expertise deals with the knowledge one has about a particular brand. Brand credibility derives from the combination of brand trustworthiness and expertise. Past experiences and available information pertaining to PLBs determine PLB credibility. The result of brand credibility is brand equity (Kim, Morris, & Swait, 2008), which is
the value a brand gives to a product (Keller, 1993). Kim, Morris, and Swait (2008) also suggest that brand equity encourages consumers to repurchase particular brands by lowering competitive influence of other brands and in the case of PLBs, other stores as well.

Keller (1993) describes brand knowledge as being made up of brand awareness and brand image. Brand awareness deals with the memory of a brand and the strength of the brand node in the memory. The depth of brand awareness can be portrayed as the probability that a brand will unexpectedly become present in the consumer’s mind. The breadth of brand awareness is depicted as the brand being remembered by a consumer during a purchasing context (Dabija & Pop, 2008). Within brand awareness are the concepts of brand recognition and brand recall. When the consumer can validate one’s exposure with a brand when the brand name is expressed to the consumer, brand recognition is occurring. When the consumer can retrieve the brand from memory when the product category is given, brand recall is occurring. Brand image deals with the perceptions a consumer has about a brand. Dabija and Pop (2008) contend that brand awareness explains the degree of knowledge of a brand and it underlies consumer attitudes toward a brand and the amount of satisfaction a consumer perceives from a brand. Satisfaction has been identified as a predictor of repeat brand patronage. Therefore, brand awareness and knowledge serve as facilitators to brand patronage.

PLB familiarity refers to the amount of prior experiences and contact a consumer has had with a brand (Keller, 1993). Brand familiarity can occur through several factors, including brand usage, advertising and promotional communications provided by retailers to increase exposure to the brand. Retailers should focus on marketing activities to expose the consumer to the PLBs of that store. Brand familiarity reduces uncertainty about a brand, adds trust toward the brand,
and aids in the development of knowledge structures associated with a brand (Flavian, Guinalui, & Gurrea, 2006). More familiarity with a PLB should increase the consumer’s brand recognition and brand recall. In addition, familiarity increases self-confidence in purchasing decisions, increasing the occurrence of making that decision. As occurrence of making the decision to purchase a PLB increases, PLB patronage increases. According to Baltas (1997), PLB familiarity reduces the risky association with purchasing PLBs as well. PLB repurchasing behavior then increases due to the decreased risks and increased confidence in receiving pleasing apparel product performance. Hence, familiarity with a brand can affect consumer decision-making processes, such as developing perceptions and making purchase decisions.

The Associative Network Theories of Memory (ANT) can be used to explain PLB knowledge and its effects on PLB affective-perceptions and PLB patronage behavior. ANT proposes the idea that “information in memory consists of concepts that are linked together in a network” (Romaniuk & Sharp, 2003, pp 221). The brand retrieval cues, or the more a consumer knows and associates with a brand, the more their brand knowledge acts as a persuader in brand assessment and purchase decisions.

Private label brand attitudes are influenced by several factors, including the consumer’s familiarity with the PLB (Collins-Dodd & Lindley, 2003). Familiarity is increased with repeat exposure to the brand and increased knowledge of the brand. The quantity or amount of knowledge is also considered a manipulator of brand attitude or brand perceptions (Romaniuk & Sharp, 2003). The more knowledge a consumer has of a PLB, the better perceptions of PLBs are formed. Kim, Morris, and Swait (2008) suggest brand knowledge helps make up brand attitude strength. Keller (1993) also suggests brand awareness influences the strength and development
of brand perceptions, and an essential stipulation for the development of brand perceptions is a brand node in one’s memory. The strength of PLB-affective perceptions depends on the way in which information about the brand enters the consumer’s memory, how it is stored in the consumer’s memory, how much information is processed, and the quality of the information provided to the consumer (Keller, 1993). Therefore, PLB knowledge has an effect on PLB-affective perceptions.

Prior research provides evidence that the amount of PLB knowledge and familiarity affect the patronage of PLBs. Keller (1993) suggests that the short-term effects of advertising and promotional efforts of a retailer develop knowledge of a brand in the consumer’s memory; this determines the long-term success for the brand. The changes in PLB knowledge can affect brand outcome measures such as PLB sales and household share of PLBs. The rise in revenues is the goal marketers set out to achieve. This happens due to the result of raising awareness. Raising awareness to a brand provides greater knowledge of brand to the consumers. Those with greater knowledge of a brand also create better familiarity with the brand, which increases the chances of the brand being part of the consideration set in purchase decisions (Keller, 1993). Therefore, as brand knowledge increases, the likelihood of the brand being chosen by the consumer for purchase increases. Consumers tend to willingly confine their choices to brands of greater familiarity. By confining their options, the brand’s likelihood of purchase is increased and patronage behaviors towards the brand are developed (Flavian, Guinaliu, & Gurrea, 2006). Also, with higher brand knowledge and a more positive perception of the brand, brand loyalty and repurchase behavior increases and competitor loyalty decreases. Keller (1993) provides the example that consumers may be more likely to make decisions such as only purchasing familiar
brands. In such a case, competing brands will be more likely to be eliminated from the consideration set and the familiar brand will have increased chance of selection.

When a consumer reacts to marketing efforts of a retailer, he or she develops perceptions about a brand and their brand choice is shaped. The consumer response to the amount of PLB knowledge gained from advertising and promotional marketing of a PLB can be measured through customer-based brand equity (Keller, 1993). The institution of brand awareness and brand image produces customer-based brand equity (Keller, 1993). Keller (1993) maintains that by having a strong customer-based brand equity developed through increased brand knowledge, a retailer can increase revenues and lower costs.

PLB Preference

PLB preference refers to the tendency of consumers to choose private label brands over national brands in a competing product category (Brand Preference, 2009). A consumer’s preference for PLBs may have multiple antecedents, including consumer perceptions of PLBs and the amount of knowledge and familiarity the consumer has of PLBs. While deficient research has investigated PLB preference in the apparel sector, there is information regarding this concept in the grocery sector.

According to Dick, Jain, and Richardson (1995), the perceptions and attitudes consumers have toward a private label brand will increase the consumers’ inclination to purchase PLBs. Consumers who perceive the quality of PLBs to be equal to or better than national brands will be more prone to purchase PLBs than those who feel they are of lower quality than national brands. Dick, Jain, and Richardson (1996) also suggest this relationship between consumer perceptions of PLBs and consumer preferences for PLBs is derived from their knowledge and familiarity
with private label brands. As consumers become more familiar with PLBs and develop their knowledge structures pertaining to PLBs, they comprehend the brand better and sense a better skill in evaluating and purchasing the brand (Dick, et al., 1996). With better brand comprehension, follows escalated confidence in purchasing decisions and increased trust in the brand (Dick, et al., 1996; Keller, 1993; Flavian, et al., 2006). It is suggested the increase in brand credibility will then lead to better perceptions of the brand by the consumer (Collins-Dodd & Lindley, 2003), which will in turn increase the consumer’s preference for PLBs (Dick et al., 1996). Familiarity with a brand is proposed to moderate alleged risk and quality discrepancies within the brand (Dick, et al, 1996). In tests conducted on grocery products, Dick, Jain, and Richardson (1996) concluded that this reduction in risk associated with brand familiarity may increase consumer preferences for PLBs.

*Store Image*

Store image (SI) refers to the overall perceptions consumers hold about a store, including the physical (layout, convenience, selection) and psychological or social (quality, atmosphere, experiential feelings and emotions) aspects of the store. A consumer uses signals from the perceived physical, service, quality, and other experiential factors of a store to form attitudes toward the store (Burt & Mavrommatis, 2006). These attitudes make up the store image.

SI can be broken up into different categories or dimensions. Researchers over time have used a variety of combinations of such dimensions to make up SI in their studies. Most commonly known is Linquist’s (1974) nine SI dimensions. These nine dimensions include merchandise, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional factors, and post transactional factors. Other studies have either added or substituted
supplementary dimensions, including price, styling, quality, friendly personnel, market posture, congestion, store activities, and sales incentive programs (Paswan & Vahie, 2006).

Retailers and marketers have focused much attention on store image for years. SI is a valued asset to any retailer and serves the company by providing added value and credibility to brands in the store (Martenson, 2007). Researchers have determined that stores need to maintain a healthy, positive SI. Previous research has established that a positive SI is linked to increased store success and store loyalty. A great number of past studies have emphasized the relationship between store image and store patronage. Conversely, little work has been done to determine the relationship between store image and brand patronage, even less has focused on its relationship with PLB patronage.

The attribution theory explains how consumers make subjective assumptions about a product from limited information or data (Paswan & Vahie, 2006). This data can include experience or other factors, such as the retail store image. The more consistent the meaning of the factors is the stronger the attribution with the object will be (Paswan & Vahie, 2006). When consumers do not have much experience with a brand and lack a brand schema, or cognitive structure for a PLB, consumers tend to look for other cues to aid in creating perceptions towards PLBs (Akhter, Andrews, & Durvasula, 1994). In this case, the store image can serve as leverage for the brand, where the consumer makes assumptions about a PLB based on what he or she already knows about a particular retailer (Keller, 1993). Store image is typically a consistent factor. Therefore, according to the attribution theory, it is likely that store image will significantly affect the consumers’ PLB-affective perceptions since PLBs are store exclusive (Paswan & Vahie, 2006).
Other studies have also found that store image has a strong, positive relationship with PLB perceptions (Semeijn, Riel, & Ambrosini, 2004) and PLBs can be viewed as extensions of a store image (Collins-Dodd & Lindley, 2003). The cue utilization theory proposes that SI can influence the perceptions of PLBs since store associations can be used to develop perceptions about PLBs (Collins-Dodd & Lindley, 2003). For example, if a consumer believes a department store to be fashionable, he or she will likely believe the department store’s PLBs to be fashionable. Also, if a consumer believes a department store to be lower scaled, he or she will likely believe the department store’s PLBs to be lower quality or dated. Morganosky (1990) studied the effects of store image on brand quality perceptions by comparing consumer perceptions of brands from department stores, discount stores, chain stores, and off-price stores. The study indicated that consumers perceived the brands from department stores to be significantly higher in quality than brands from any of the other retail types (Liljander, Polsa, and Riel, 2009). According to Visser, Preez, and Noordwyk (2006), developing a strong, positive SI is crucial for retailers due to its influence on PLB-affective perceptions and its aiding in store differentiation.

Store image can act like a risk reliever for consumers purchasing PLBs (Liljander, et al., 2009). Any buying situation is accompanied by perceived risks, or the idea that any purchase a consumer makes will end up in unanticipated consequences, some of which may be negative (Liljander et al., 2009). The main risks associated with purchases include performance, financial, social, psychological, physical, and time risks. For apparel PLB purchases, social, financial, and performance risks tend to be of utmost importance since they are publically visible and express one’s self-image. Performance and financial risks are important because lower craftsmanship and
quality may be associated with PLBs resulting in poor performance after wear and wash and a
general loss in money (Liljander et al. 2009). In previous studies, store image has served as a
mediator for perceived risks of PLBs. For stores with a positive SI, promoting the store as the
producer of the brand can relieve some of the perceived risk of purchasing the PLB by allowing
the SI to serve as an indicator of the quality of the store’s PLBs.

A consumer’s patronage behavior can be explained by his or her experiences with a retail
environment (Semeijna, Rielb, & Ambrosini, 2004). It is generally accepted that SI can directly
affect store loyalty. With national brands, this does not typically result in brand patronage.
However, in the case of PLBs, their exclusivity to the store means that a positive SI could
possibly result in increased PLB patronage. Previous studies suggest purchase decisions, such as
patronage behavior, are influenced by a store’s image (Akhter, Andrews & Durvasula, 1994).
According to Martenson (2007), retail store images have a positive relationship with brand
patronage, and many retailers use their store image as a means of promoting their PLBs. Store
image provides the customer with an added value to the product as well as familiarity,
credibility, and confidence in the store’s ability to produce products. Associations such as these
will make it easier for consumers to try PLBs which are commonly less well known. Retailers
can then increase loyalty towards their PLBs by developing PLBs that are consistent with a
store’s SI, resulting in higher associations, credibility, and satisfaction.

*Store Image Dimensions*

Consumer perceptions of store atmosphere are an important component of store image
that retailers generally place great emphasis on developing and maintaining. Store atmosphere
consists of the lighting, layout, music, style, colors and other store aesthetics that arouse
emotional states in consumers’ minds and add to the experiential aspect of apparel shopping. As it relates to PLBs, a store with a positive atmosphere or one that is clean, upbeat, stylish, and properly laid out, will give way to similar perceptions towards the PLBs of that store (Richardson, Jain & Dick, 1996) and will reduce the social risk associated with the PLBs (Liljander et al, 2009). Reversely, a store with poor layout, outdated fixtures and mannequins, and grimy or decomposing walls, floors, etc. will result in poor perceptions towards the PLBs of that store. Martenson (2007) claims that there was a 21 percent increase in the rating of PLBs when a store had an appealing store atmosphere as compared to when a store had an unappealing store atmosphere. Richardson, Jain, and Dick (1996) suggest that retailers with poor store atmosphere should invest in upgrading their store with higher quality fixtures, brighter lighting, friendlier appearances, and more cheerful music in order to improve the perceptions of the store’s PLBs.

Service in a retail store is another crucial aspect of store image that has received considerable attention by retailers, marketers, and scholars in the field. The ten facets of service include tangibles, reliability, security, access, communication, responsiveness, competence, courtesy, credibility, and understanding the consumer, but can be abridged to consist of only tangibles, reliability, responsiveness, assurance, and empathy (Ting & Chen, 2002). Expectations of store service can include returns, refunds, alterations, helpful and honest sales associates, consultants and personal shoppers, in-store transfers, and efficiency (Visser, Preez, Noordwyk, 2006; Keller, 1993). It is important for retailers to understand and improve the technical and functional quality of the service aspect of SI. The technical service quality explains what
consumers receive as a result of a service; whereas functional service quality describes the process in which the service is carried out (Ting & Chen, 2002).

Retailers need to be in touch with what services customers want and need as well as how the customers and store personnel interact. Service satisfaction results from the relationships developed between the consumer and the store. Customers expect attention, reaction, and care when making purchases or when unsatisfied with prior purchases (Ting & Chen, 2002). Liljander et al. (2009) contends that high levels of service will reduce the financial risks associated with PLBs because consumers will believe that the store will solve any problems the consumer may have with a product through a refund or store credit. In addition, when making apparel purchases, consumers are likely to expect honest feedback from sales associates which reassure them about a PLB’s quality and credibility. With encouragement from well-informed sales personnel, consumers’ perceived risks are reduced. When the perceived risks of PLBs are lowered, consumers are more likely to purchase the brand which can lead to patronage behavior towards PLBs.

The perceived overall quality, selection, and convenience of a store are other significant aspects of the image of a store. A store with high SI quality has been found to reduce the perceived financial risks associated with PLBs (Liljander et al., 2009) by suggesting increased quality of its products and producing higher confidence in the store’s own brands. Perceived selection is composed of the perceived availability of various styles, sizes, pricing, and product categories (apparel, shoes, jewelry, etc). A store with higher perceived selection can influence repurchasing behavior (Visser, Preez, Noordwyk, 2006). If a department store has a variety of styles and products as well as the availability of appropriate sizing and prices, consumers are
more likely to shop the store more often. If the high perceived selection contains many PLB items, PLB patronage will likely increase. How consumers perceive the convenience of a store is essential to maintaining a positive SI and building PLB patronage. Convenience aspects of a store can include, but are not limited to location and parking (Visser, Preez, Noordwyk, 2006). If a store is perceived as inconvenient due to limited or expensive parking or impractical travel time, consumers will be less likely to visit the store. PLBs are store specific; therefore, if consumers are less likely to visit the store, they automatically are less likely to purchase that store’s PLBs.
CHAPTER 3
CONCEPTUAL FRAMEWORK

Statement of Purpose

The aims of this research are to determine the relationship between store image, consumer perceptions of private label brands, consumer preferences for private label brands, and patronage behavior of private label brands in midscale department stores. This study also intends to examine how knowledge and familiarity of private label brands affect the perceptions and patronage of private label brands. Most studies conducted on PLBs have been on grocery products, not apparel products. Since research needs to be conducted concerning apparel PLBs, it is important to analyze PLBs in a retail store that places great emphasis on PLBs. A conceptual framework for the current study was adapted from the Mehrabian-Russell (M-R) environmental model. The current conceptual framework that was created will attempt to examine the effects of store image on consumer perceptions of PLBs and consumer patronage toward PLBs, as well as the effects of knowledge and familiarity of PLBs on the formation of consumer perceptions and patronage behaviors of PLBs.

Conceptual Framework

*Mehrabian-Russell Model*

Previous research suggests that store image can serve as a cue for consumers in developing perceptions about a private label brand. In this case, SI serves as leverage to the brand, where the consumer uses the knowledge he or she has about a retailer to develop similar
perceptions of its PLBs (Akhter, Andrews, & Durvasula, 1994). Prior research has also suggested that SI and PLB patronage can be positively associated. A consumer’s image of a store can directly affect a consumer’s purchase and patronage behavior (Semeijn, Riel, & Ambrosini, 2004). Retailers with a favorable SI evoke more favorable purchase and repurchase decisions. Consumers who use the SI to develop their perceptions about that store’s brands will in turn use the SI to make purchase decisions about that PLB. If the PLB is purchased and is found to be congruent with the perceived SI, repurchase decisions are more likely to be made and patronage behavior exists.

The Mehrabian-Russell model (Figure 1) of environmental influence helps describe SI effects on PLB perceptions and PLB patronage behavior (Richardson, Jain, & Dick, 1996). It states that environmental stimuli create emotional states in the consumers’ minds. Emotional states can be explained as internal evaluations consumers create in their minds (Spangenberg, Crowley, and Henderson (1996). These internal evaluations then cause either an approach response or avoidance responses or behaviors, such as patronage behavior or in-store behavior (Thang & Tan, 2003). Approach responses are positive responses to the environment. Avoidance responses would be negative responses to the environment. For example, in a retail situation, an approach response to the retail environment would be to shop within the store. An avoidance response would be to leave the store (Spangenberg, Crowley, and Henderson (1996).
In a study by Spangenberg, Crowly, and Henderson (1996), the M-R model was used much like in the context of this study. The stimulus was represented by atmosphere. Consumer evaluations are the organism or emotional state. The behavioral response was the evaluation process. Thang and Tan (2003) also used the M-R model in a study that analyzed the effects of store image on consumer perceptions and consumer perceptions on consumer preferences. The stimulus was depicted by store image; the organism by consumer perceptions; and the response by consumer preferences. In this study, the stimulus is referred to as the SI that evokes the organism, or consumer perceptions of PLBs. The ultimate outcome is PLB patronage behavior, or the approach or avoidance behavioral response. An approach response would be the exhibition of PLB patronage behavior. PLB patronage behavior would be considered the most desirable response and is the outcome retailers seek.
Consumer Decision Process Model

The consumer decision process model, developed by Engel, Blackwell, and Miniard (2001), explains the relationship between store image and knowledge and familiarity of PLBs and the formation of PLB perceptions and PLB patronage behaviors. The consumer decision process model consists of seven stages. These seven stages include need recognition, information search, pre-purchase evaluation, purchase, consumption, post-consumption evaluation, and divestment. Retailers and marketers use the model to aid in understanding consumer decisions to better market and sell to consumers (Engel, Blackwell, & Miniard, 2001). The consumer decision process model can apply to all decisions consumer make in the market place. The current study will apply the model to the context of PLB purchasing decisions. The stages of interest in the current study include pre-purchase evaluation and purchase.

Pre-purchase evaluations of PLBs or the formation of attitudes and perceptions of PLBs derive from either environmental influences or individual differences (Engel, Blackwell, & Miniard, 2001). Environmental influences are sources of influence on the consumer’s development of perceptions that issue from external factors, such as store image. The consumer decision process model suggests consumers evaluate store image based on particular dimensions and attributes. How the store’s image is evaluated also affects the evaluation of the product in question. Therefore, store image is an external and environmental cue that consumers consider when making pre-purchase evaluations of PLBs.

Individual differences are internal factors that affect the perceptions and attitudes consumers create. Individual differences come from within the consumer’s mind, such as the knowledge and familiarity one has with PLBs. In this case, previously stored information is
pulled from knowledge structures the consumer already has about a particular PLB. The knowledge structures developed through exposure and experience with the PLB is completely individualized and differs among each consumer. The consumer decision process model indicates that such individual differences directly affect the construction of PLB perceptions.

Using perceptions generated in the pre-purchase evaluation stage of the consumer decision process, consumers can move to the next stage: the purchase. In the purchase stage, consumers decide whether to approach or avoid the PLB. In other words, the consumer must decide to go through with the purchase or repurchase of the PLB or walk away and evade the purchase. The goal of any retailer is to ensure the consumer completes the purchase in this stage.

The model indicates that pre-purchase evaluations, individual differences, and environmental influences have a direct effect on purchase decisions in the marketplace. The perceptions developed in pre-purchase evaluations determine whether the consumer will have favorable or unfavorable attitudes toward the PLB. Previous studies indicate that consumers with a favorable perception of a PLB will be more likely to purchase or patronize the particular PLB (Liljander, et al, 2009; Romaniuk & Sharp, 2003). Direct influence of pre-purchase evaluations on purchase decisions, such as patronage behavior, is suggested by the consumer decision process model.

Individual differences also have a direct effect on consumer purchase decisions (Engel, Blackwell, and Miniard, 2001). Based on Engel, Blackwell, and Miniard’s consumer decision process model (2001), individual factors such as consumer knowledge shape the consumer’s decision of whether to patronize a PLB or avoid purchase. Consumers may avoid purchasing a PLB due to lack of knowledge of the brand or product. However, they may choose to purchase
the PLB because of the trust in the brand due to the amount of knowledge and familiarity the consumer has of the PLB. Environmental influences, such as store image, have additional effects on PLB patronage behavior. As the model proposes, store image factors can cause a consumer to follow through with purchase or repeat purchases of PLBs or avoid purchases of PLBs. For example, convenience of the store, a dimension of store image, can be perceived strongly and favorably. Thus, the consumer may choose to purchase its PLBs repetitively rather than to purchase from a retailer who is perceived to be inconvenient due to differences in travel time, ease of checkout, and other convenience factors that influence store image.

Model of Brand Familiarity, Confidence, Attitudes, and Purchase Intention

As discussed in the review of literature, knowledge and familiarity of PLBs may have a great impact on the perceptions and patronage behaviors of PLBs. Exposure and experience with PLBs create nodes in the mind that stores knowledge structures associated with PLBs (Keller, 1993). With these knowledge structures, consumer perceptions and purchase decisions can be formed without the cues from store image. Previous research indicates increased knowledge and familiarity with a brand builds trust with the brand, thus increasing its chances of having a higher perception and being patronized (Kim, et al, 2008; Keller, 2003; Romaniuk & Sharp, 2003; Collins-Dodd & Lindley, 2003).

Adapting and extending Laroche and Sadokierski’s model of brand confidence, Laroche, Kim, and Zhou (1996) examined the effects of brand familiarity on brand attitudes and purchase intentions using their model of brand confidence, familiarity, attitudes, and purchase intention. The model provides support that the amount of familiarity one has with a PLB positively affects the attitudes one develops towards a PLB. In addition, the model supports the notion that PLB
attitudes or perceptions have a positive effect on PLB purchase intentions, such as patronage behavior.

As exposure and experience with a PLB increases, knowledge structures become more developed. As knowledge of PLBs increases, familiarity with PLBs rises (Laroche, Kim, & Zhou, 1996). Familiarity consumers develop towards PLBs creates stronger trust in the expected performance of the product. Consumers come to know and expect certain outcomes from the purchase of the PLB as familiarity with the brand increases. Therefore, familiarity with PLBs may positively influence how the consumer perceives the brand.

In addition, as the model suggests, brand attitudes positively and directly affect purchase intentions. Purchase intentions can be used to describe the intention or decision to purchase or develop patronage behaviors towards a particular brand or product. As previously discussed, the more favorable the PLB perception, the more likely the consumer will choose to purchase or repurchase the PLB. PLBs with a stronger perception will be more likely to become part of the consideration set in a purchase decision (Keller, 2003). Once the PLB becomes part of the consideration set, likelihood of purchase significantly increases. Within the context of the current study, Laroche, Kim, and Zhou’s (1996) model can be used to propose the direct influence of PLB perceptions, or attitudes towards the brand, on PLB patronage behavior, or purchase intentions.

Determinants of Consumers’ Willingness to Buy a Store Brand

Liljander, Polsa, and Riel (2009) conducted a study on apparel PLBs and developed a model that demonstrates the relationship between store image, PLB perceptions, and PLB purchase intentions. After conducting surveys on apparel retail consumers, the researchers were
able to find data that supports the model, which is depicted in Figure 2. The model states that store image has a direct influence on mediating risks associated with PLBs and on the quality perceptions of PLBs. In addition the mediation of perceived risks of purchasing PLBs and the perceptions of PLB quality are shown to affect the perceived value of PLBs. Perceived value of PLBs can be explained as the benefits received from purchasing the PLB minus the costs spent purchasing the PLBs, which can include the monetary price, travel time to store, associated risks, etc. The model continues to indicate that the perceived value of PLBs will directly affect consumer purchase intentions, which includes any intentions to purchase or patronize a retailer’s PLBs. Overall PLB perceptions take into account the perceived quality, value and risks associated with the PLB (Keller, 2003). In the current study, overall perceptions consumers develop about PLBs are depicted as a single variable.

Figure 2 Determinants of consumers’ willingness to buy a store brand

Source: Liljander, Polsa, & Riel, 2009

In summary, the M-R model explains the relationship between SI, PLB perceptions, and PLB patronage behavior. The relationships are suggested though the effects of the environmental
stimuli on an organism and the organism effects on the response. In the context of the study, store image is the stimuli, which affects PLB perceptions or the organism. The organism then affects PLB patronage behavior, which is the response due to the effects of both the stimuli and the organism.

The consumer decision process model supports the influence of store image and knowledge and familiarity of PLBs on PLB perceptions and PLB patronage behavior; as well as the effects of PLB perceptions on PLB patronage behavior. Environmental influences, such as store image, and individual difference such as PLB knowledge and familiarity, have direct influence on pre-purchase evaluations or perceptions of PLBs. PLB evaluations or perceptions then influence purchase decisions, such as PLB patronage behavior. Environmental and individual influences also directly affect purchase decisions.

The model of brand familiarity, confidence, attitudes, and purchase intention suggests that brand familiarity will directly influence the attitudes consumers develop about brands. As familiarity with a PLB increases, PLB perceptions will become more favorable. In addition, the model depicts the influence of brand attitudes on purchase intentions towards that brand. PLBs with a more favorable perception will have a higher likelihood of purchase. In the context of the current study, purchase intentions are referred to as the patronage behavior toward PLBs.

Liljander, Polsa, and Riel’s (2009) model depicting determinants of consumers’ willingness to purchase store brands explains the relationship between store image, PLB perceptions, and PLB patronage behaviors. The model indicates that a store’s image directly and positively affects how consumers perceive PLBs. Additionally, the model suggests a similar
relationship between consumer perceptions of PLBs and their willingness to purchase PLBs. As perceptions become more favorable, consumer intentions to purchase or patronize rise.

The previously discussed models have been adapted to form a model that explains the conceptual understanding of the current study. Additionally, PLB preference will be added to the model to explore its relationship with the other variables of the study. The conceptual framework is suggested below (Figure 3)

![Conceptual Framework](image-url)

**Figure 3 Proposed Model of the Effects of Store Image and the Knowledge and Familiarity of Private Label Brands on Private Label Brand Perceptions and Patronage Behavior**

-Conceptual framework suggested in the current research-
Store image is a significant asset for retailers because it offers retailers the opportunity to reinforce its brands and provide credibility and trust to its customers. Using this credibility to its utmost potential, retailers can use store image to aid in the formation of positive consumer perceptions of the store’s private label brands. Semeijn, Riel, and Ambrosini (2004) conducted a study analyzing store image effects on store brands through the mediation of financial, functional, and psychosocial risks. Results from the study indicated that store image is an important determinant of consumer perceptions of private label brands. A study by Akhter, Andrews, and Druvasula (1994) researched the effects of retail store image on brand-related judgments. Store image was found to directly affect how a brand was perceived by the consumer. A store with a more favorable image was found to evoke more favorable brand perceptions in the consumer’s mind.

**H1: Store image will have a positive relationship with PLB-affective perceptions.**

As experience with and exposure to private label brands increase, consumer knowledge and familiarity of private label brands increase. Memory nodes in the consumers’ minds are formed that create associations and store knowledge of the brand for future use in the formation of attitudes toward the brand. Baltas (1997) determined that increased exposure and experience with private label brands increased the knowledge of the brands and the familiarity with the brands. The increase in knowledge and familiarity of the private label brands developed confidence and credibility in the brands, which served to produce more favorable perceptions toward the private label brands.
**H2:** The knowledge and familiarity of PLBs will have a positive relationship with PLB-affective perceptions.

Perceptions consumers have of any product or brand will ultimately influence their decision to purchase or repurchase that particular product or brand. Romaniuk and Sharp (2003) indicate that the strength of consumer perceptions of a brand influence future purchase behavior and loyalty towards the brand. Another study by Liljander, Polsa, and Riel (2009) suggests the perceived quality and value of PLBs directly affects the purchase intentions consumers have for PLBs. The results of such studies conclude that the higher the strength or the more favorable the perception, the more likely the consumer will purchase the PLB and develop patronage toward the PLB.

**H3:** PLB-affective perceptions will have a positive relationship with PLB patronage behavior.

A strong store image provides consumers with confidence and integrity in the products and brands sold within the store. The credibility offered by the store image can be used by retailers to influence purchase decisions of the store’s private label brands. Martenson (2007) signified that retail store image can affect store brand patronage behavior in consumers. Martenson suggests retailers frequently use their store image as a means of promoting their private label brands. Retailers with a strong, positive store image portray dependability and trustworthiness in their brands, which can result in higher repurchasing behavior.

**H4:** Store image will have a positive relationship with the patronage behavior of PLBs.

Increased knowledge and experience with a private label brand will enhance the consumers’ familiarity with the brands. Consumers with more
familiarity and knowledge about a PLB develop greater knowledge structures in their memory which aid in the formation of PLB perceptions and PLB purchase and repurchase decisions (Low & Lamb, 2000). As knowledge structures associated with the private label brand and familiarity with the private label brand increases, the trustworthiness and reliability of the brand also increases. Consumers begin to have expectations of the brand and can predict the satisfaction outcome of purchasing the brand. Keller (1993) suggests increased knowledge of a brand increases its chance of being part of the consideration set in a purchase, which directly affects the success and repurchase behavior of the brand.

**H5: The knowledge and familiarity of PLBs will have a positive relationship with PLB patronage behavior.**
CHAPTER 4

METHODOLOGY

This study was devised to determine the effects department store image has on private brand label (PLB) perceptions and patronage, as well as the effects knowledge and familiarity of PLBs has on the perceptions and patronage of PLBs. In addition, this study attempts to determine the effects PLB perceptions have on PLB patronage. Using quantitative data, this study endeavors to verify the effects and relationships among store image, PLB perceptions, PLB patronage, and PLB knowledge and familiarity. This chapter focuses on sample descriptions, data collection, instrument development, and data analysis techniques.

Sample

A structured questionnaire was developed to collect the data and distributed to a convenience sample of 300 female consumers aged between 35 and 54, living in a Southeastern state of the United States (See Appendix A). Participation was voluntary, and respondents were a convenience sample, based on gender and estimation of target age, within several locations in the Southeastern state, including various midscale department stores, employees of a local university, and other local businesses. Surveys were distributed to individuals that met the criteria for age and gender.

Description of Survey

Prior to distribution of the questionnaire, permission to collect data was obtained from the Institutional Review Board. The questionnaire began by asking the participants demographic
questions, such as age and gender (Section I). The questionnaire then asked participants a series of questions with regard to their experience and opinions of their favorite department store, which they selected in the beginning of the questionnaire (Section II). The participants also were asked how many times they frequented department stores for clothing items in the past 12 months. This will validate that the consumers are frequent department store shoppers and their opinions about department store image and private label brands are significant. Those questionnaires in which the participant selected their department store frequency as “Never” or “Seldom” were removed from the data set. The remainder of the questionnaire provided participants with a statement and asked them to rank the statement on a five point Likert scale (1=Strongly Disagree; 5=Strongly Agree). The survey also included demographic questions regarding age, gender, income, and education level.

In order to measure store image, measures were adapted from Paswan and Vahie’s (2006) *Private label brand image: its relationship with store image and national brands* (Section III). Paswan and Vahie (2006) found that store image has multiple dimensions. The dimensions examined in this study include quality, atmosphere, convenience, service, variety/selection, and price/value. Participants were asked to rank, on a five point Likert Scale, how they agree or disagree (1=strongly disagree; 5=strongly agree) with statements such as “The employees are very friendly,” “I can easily go into the store”, “The prices at the store are fair”, and “I can count on the clothes I buy at this store being excellent”.

Another variable, included in Section IV, was consumer preferences for private label brands. To measure consumer preferences for private label brands, participants were given statements created by the researcher such as “I shop at my favorite department store because I
like the private label brands it carries” and “I prefer to purchase private label brands of my favorite department store rather than national brands.” The participants rated the statements on a five point Likert Scale (1=strongly disagree; 5=strongly agree).

Adapted from Flavian, Guinaliu, and Gurrea’s (2006) *The influence of familiarity and usability on loyalty to online journalistic services: the role of the user experience*, knowledge and familiarity of private label brands in department stores was measured by asking questions about the consumers’ amount of perceived knowledge and familiarity with the PLBs of their favorite department store (See Section IV). Statements including “I know a lot about the private label brands of my favorite department store” and “I can tell a difference between private label brands and national brands offered by my favorite department store” measure the knowledge the consumer believes to have of the department store’s private label brands. Other statements including “In comparison with the typical purchaser, I believe I am quite familiar with the private label brands offered by the store” measure the perceived familiarity of the consumer with the department store’s private label brands. Participants rated their answers on a five point Likert scale (1=strongly disagree; 5=strongly agree).

Perceptions consumers have of private label brands were measured in the questionnaire using measures adapted from Liljander, Polsa, and Riel’s *Modeling consumer responses to an apparel store brand: store image as a risk reducer* (2009). The objective is to determine how consumers in general perceive private label brands, whether the consumer is a frequent purchaser of PLBs or not. The questionnaire contains statements in which the participants rate answers on a five point Likert scale from strongly disagree (1) to strongly agree (5). Statements such as “I consider the private label brands to be a good choice” and “I believe that private label brand
items will be of high quality” measure the consumers’ perceptions of the value and quality of private label brands (See Section IV).

Finally, the questionnaire adapts measures from various studies by Liljander, Polsa, and Riel (2009); Kim, Fiore, and Lee (2007); and Matzler, Grabner-Krauter, and Bidmon (2008) to measure consumer patronage intentions toward private label brands in department stores. This section of the questionnaire seeks to determine the likelihood the consumer will make future purchases of department store PLBs. Again, participants are asked to rate how much he or she agrees or disagrees with the proposed statement based on a five point Likert scale (1=strongly disagree; 5=strongly agree). Some of the statements include, “I will definitely consider buying a private label brand,” “I will buy private label brands the next time I shop at my favorite department store”, and “I would be willing to pay a higher price for the private label brands of the department store over other brands” (See Section IV).

The content validity of the questionnaire was assessed through examination by a panel of three experts in the area. Initial changes were made to clarify or delete some statements according to recommendations or comments of the experts. Based on the feedback collected from the pilot test, the instrument was revised to improve the clarity of the questions and to increase the content validity of the measurement instrument.

Administration of the Instrument

In order to collect data, various locations were randomly used to distribute the surveys. The researcher contacted local department store managers to get permission to conduct the survey at their stores. Times were arranged to visit the department stores for the purpose of administering the surveys, and the researcher stood by several entrances of three major midscale
department stores distributing the surveys to any customer that met the profile. The stores were visited during various days and time ranges, including weekdays and weekends during both morning, mid-day, and evening hours. In addition, employees of a local university and several local businesses were asked to complete the survey. Participants were given the option to complete the survey and return it by mail, or in person at the time of distribution. No incentives were offered from participation.

Data Analysis

Previous to analyzing the data statistically, there were two questions that required reverse scoring. After completing this alteration, the data were retracted from each survey and placed into a statistical analyses program called SPSS for evaluation. Factor analysis was first performed on the store image variable to determine any multi-dimensionality of the scale. A multiple regression analysis was then performed on the data.
CHAPTER 5

RESULTS

Of the 300 surveys distributed, 286 were completed and returned to the researcher for evaluation. This results in a 95.33% response rate, which is considered high. The high response rate is mostly due to the returning of the surveys immediately after distribution, rather than by use of mail. Of the 286 surveys returned, 29 surveys were discarded for either selecting an age group outside of the 35 to 54 year old range or for selecting a department store shopping frequency of “Never” or “Seldom”.

Factor Analysis

A factor analysis with varimax rotation was used to investigate any multi-dimensionality of the store image scale. Store image did load on multiple constructs. Items with loadings greater than 0.50 were kept for analysis.

The results of the factor analysis indicated that store image consisted of four factors. The factors were named based on shared characteristics. The first factor is named service. Factor 1 consisted of questions SI1, SI2, and SI3; and shares the commonality of the consumers’ perceptions of the store’s service aspect. Together items SI1, SI2, and SI3 give factor one an exceptionally high reliability with an alpha value of 0.93. Factor 2 consisted of questions SI13, SI14, SI15, and SI16. SI15 and SI16 were reverse coded prior to performing the factor analysis. Factor 2 is named atmosphere due to its reference to the consumers’ perceptions of the store’s aesthetics. This dimension has an alpha value of 0.82, which also demonstrates a high reliability.
for this factor. The third factor is named *price* and refers to the consumers’ perception of the prices associated with the store’s products. Factor 3 also showed high reliability with an alpha value of 0.68. The final factor, Factor 4, consisted of only two items, including SI4 and SI6. Factor 4 has a lower alpha value of 0.39; however, considering the factor consists of only two items, this alpha value is considered acceptable. Factor 4 reflects the consumers’ perceptions of the store’s level of convenience and is therefore named *convenience*.

Four items were deleted from the store image factor analysis; this includes SI5, SI7, SI8, and SI9. SI5 referred to the consumers’ ease of shopping in the store and was determined to lack relevance to the consumers’ perceptions of the store. SI7, SI8, and SI9 referred to the consumers’ perceptions of the quality of merchandise the store carries. These items also showed little consequence on the consumers’ store image perceptions. With all 16 store image items, the variable explained 71.20% of the variability in the study. However, after deleting the four items with low alpha values, the 74.50% of the variability was explained indicating a stronger explanation upon removing the unreliable components.

The four other variables, preference, knowledge and familiarity, perceptions, and patronage behavior, did not load on multiple constructs. All four scales showed significantly high internal reliability. Consumers’ preference for PLBs had an alpha value of 0.96; consumers’ knowledge and familiarity of PLBs had an alpha value of 0.91; consumers’ perceptions of PLBs had an alpha value of 0.90; and consumers’ patronage behavior toward PLBs had an alpha value of 0.87.
Multiple regression analysis was conducted to test the hypotheses at the designated significance level (alpha = 0.5).

**Hypothesis 1**

- H1: Store image will have a positive relationship with PLB-affective perceptions.

Hypothesis 1 is concerned with the effect of store image on consumer perceptions of private label brands. The independent variable in this analysis was store image. The dependent variable in this analysis was the perception of private label brands.

Among the 4 constructs of store image, convenience had the highest mean with a score of 4.603. Service had a mean score of 4.091. Price had a mean score of 3.783; and atmosphere had the lowest mean with a score of 2.863. With a cut off value of 0.700, the Pearson correlation matrix revealed there was no multicollinearity in the study since the values range from -0.047 to 0.131. In addition, the condition index values ranged from 12.761 to 32.186, which were not larger than the cut-off score of 1,000, further demonstrating the lack of multicollinearity.

The multiple regression analysis revealed that the main effect of overall store image on consumer perceptions of PLBs was insignificant, indicated by an insignificant F value, $F(4, 257) = 2.083$, $p = 0.084$. The analysis also revealed that overall store image only explained 3.200% of consumer perceptions of PLBs. This is a very low value, indicating store image’s insignificance in determining the way consumers perceive private label brands. However, the analysis also demonstrated that the store image factor of service when examined at alone was significant in determining PLB-affective perceptions with a p-value of 0.032 ($p < 0.05$). Therefore, hypothesis 1 was partially supported.
Table 1

Multiple Regression Analysis Results for Hypothesis 1

Dependent Variable: PLB-Affective Perceptions
Independent Variable: Store Image (Service, Atmosphere, Price, Convenience)
Analysis of Variance: $F(4, 251) = 2.083, p > 0.001$
R square: 0.032

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T- Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB-Affective Perceptions</td>
<td>13.899</td>
<td>4</td>
<td></td>
<td>3.867***</td>
<td>1.00</td>
<td>4.933</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>4.091</td>
<td>1</td>
<td></td>
<td>0.138</td>
<td>2.154**</td>
<td>0.131</td>
<td>0.030</td>
<td>12.761</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>2.863</td>
<td>1</td>
<td></td>
<td>0.048</td>
<td>0.764</td>
<td>0.071</td>
<td>0.019</td>
<td>16.075</td>
</tr>
<tr>
<td>Price</td>
<td>3.783</td>
<td>1</td>
<td></td>
<td>0.083</td>
<td>1.295</td>
<td>0.069</td>
<td>0.012</td>
<td>19.880</td>
</tr>
<tr>
<td>Convenience</td>
<td>4.603</td>
<td>1</td>
<td></td>
<td>-0.099</td>
<td>-1.520</td>
<td>-0.047</td>
<td>0.005</td>
<td>32.186</td>
</tr>
</tbody>
</table>

*p < 0.05  **p < 0.01  ***p < 0.000

Hypothesis 2

- H2: The knowledge and familiarity of PLBs will have a positive relationship with PLB-affective perceptions.

Hypothesis 2 deals with the effect the knowledge and familiarity consumers have of private label brands has on their perceptions of PLBs. Knowledge and familiarity of PLBs was the independent variable, while PLB-affective perceptions was the dependent variable.

The mean score for PLB-affective perceptions was 13.922. The mean score for knowledge and familiarity was 16.191. The Pearson Correlation matrix shows no multicollinearity with a correlation value of 0.564 and a condition index of 7.251. Knowledge and familiarity of PLBs shows high significance in explaining consumer perceptions of PLBs.
with a significant F-value, $F(1, 257) = 118.340$, $p<0.001$. The analysis determined that 31.800% of PLB-affective perceptions were explained by knowledge and familiarity of PLBs, which is a relatively high explanation percentage. Hypothesis 2 was supported.

Table 2

Multiple Regression Analysis Results for Hypothesis 2

<table>
<thead>
<tr>
<th>Dependent Variable: PLB-Affective Perceptions</th>
<th>Independent Variable: Knowledge and Familiarity of PLBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of Variance: $F(1, 254) = 118.340$, $p&lt;0.001$</td>
<td>R Square: 0.318</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T-Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB-Affective Perceptions</td>
<td>13.922</td>
<td>1</td>
<td></td>
<td>9.328***</td>
<td>1.000</td>
<td>1.963</td>
<td>1.000</td>
</tr>
<tr>
<td>Knowledge and Familiarity</td>
<td>16.191</td>
<td>1</td>
<td>0.564</td>
<td>10.878***</td>
<td>0.564</td>
<td>0.037</td>
<td>7.251</td>
</tr>
</tbody>
</table>

*p < 0.05  **p < 0.01  ***p < 0.000

Hypothesis 3

- H3: PLB-affective perceptions will have a positive relationship with PLB patronage behavior.

Hypothesis 3 reflects the positive relationship that PLB-affective perceptions has on PLB patronage behavior. The independent variable in this regression is the PLB-affective perceptions of consumers. The dependent variable is the patronage behavior consumers have towards PLBs.

The mean score for PLB-affective perceptions was 13.922, while the mean score for PLB patronage behavior was 16.828. The analysis revealed that the positive relationship between
PLB-affective perceptions on PLB patronage behavior is highly significant, which was indicated by a significant F-value, F (1, 257) = 657.270, p<0.001. The multiple regression analysis also revealed that consumer perceptions of PLBs explain 72.100% of consumer patronage behavior toward PLBs, exhibiting a high explanation of the dependent variable by the independent variable. Hypothesis 3 was supported.

Table 3

Multiple Regression Analysis Results for Hypothesis 3

<table>
<thead>
<tr>
<th>Dependent Variable: PLB Patronage Behavior</th>
<th>Independent Variable: PLB-affective Perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of Variance: F (1, 254) = 657.271, p&lt;0.001</td>
<td>R Square: 0.721</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T- Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB-Patronage Behavior</td>
<td>16.828</td>
<td>1</td>
<td>6.706***</td>
<td>1.000</td>
<td></td>
<td>1.967</td>
<td>1.000</td>
</tr>
<tr>
<td>PLB-affective Perceptions</td>
<td>13.922</td>
<td>1</td>
<td>0.849</td>
<td>25.637***</td>
<td>0.849</td>
<td>0.033</td>
<td>7.712</td>
</tr>
</tbody>
</table>

*p < 0.05  **p < 0.01  ***p < 0.000

Hypothesis 4

- H4: Store image will have a positive relationship with the patronage behavior of PLBs.

Hypothesis 4 deals with the effect store image has on the patronage behavior of private label brands. In this analysis, the independent variable is store image and its constructs. The dependent variable is PLB patronage behavior.
The mean score of PLB patronage behavior is 16.828. The highest mean score of the store image constructs is convenience with a score of 4.602. The lowest mean score is price with a mean of 3.783. Service has a mean score of 4.087. Atmosphere has a mean score of 4.310. The Pearson Correlation matrix shows no multicollinearity in the study with correlation values ranging from -0.300 to 0.187, much lower than the cut-off value of 0.700. The condition values range from 12.270 to 29.450, which are significantly lower than the cut-off value of 1,000.

Overall store image explains only 8.800% of consumer patronage of PLBs. Its significant F-value, \( F (4, 257) = 6.073, p<0.001 \) shows significance in this relationship. However, when each construct is studied separately, the analysis shows that the store image constructs of price and service have a significant influence on PLB patronage behavior with a p-value of 0.001 and 0.004, respectively. Therefore, hypothesis 4 was only partially supported.
Table 4

Multiple Regression Analysis Results for Hypothesis 4

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T-Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB Patronage Behavior</td>
<td>16.828</td>
<td>4</td>
<td>2.987**</td>
<td>1.000</td>
<td>0.088</td>
<td>4.928</td>
<td>1.000</td>
</tr>
<tr>
<td>Service</td>
<td>4.087</td>
<td>1</td>
<td>0.100</td>
<td>1.555</td>
<td>0.140</td>
<td>0.033</td>
<td>12.272</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>4.310</td>
<td>1</td>
<td>0.186</td>
<td>2.939**</td>
<td>0.187</td>
<td>0.021</td>
<td>15.432</td>
</tr>
<tr>
<td>Price</td>
<td>3.783</td>
<td>1</td>
<td>0.210</td>
<td>3.356**</td>
<td>0.171</td>
<td>0.013</td>
<td>19.282</td>
</tr>
<tr>
<td>Convenience</td>
<td>4.602</td>
<td>1</td>
<td>-0.117</td>
<td>-1.839</td>
<td>-0.030</td>
<td>0.006</td>
<td>29.450</td>
</tr>
</tbody>
</table>

*p < 0.05 **p < 0.01 ***p < 0.000

Hypothesis 5

- H5: The knowledge and familiarity of PLBs will have a positive relationship with PLB patronage behavior.

Hypothesis 5 suggests knowledge and familiarity of PLBs has an effect on PLB patronage behavior. The independent variable in the hypothesis is knowledge and familiarity of PLBs; the dependent variable is the consumers’ patronage behavior toward PLBs.

The mean for knowledge and familiarity of PLBs is 16.828. The mean score for PLB patronage behavior is 16.191. According to the Pearson Correlation table, there is no multicollinearity in this study since the correlation value is only 0.597. This is also supported
with a condition index of 7.251. The analysis revealed that knowledge and familiarity of PLBs explains 35.600% of consumers’ patronage toward PLBs. There is high significance in the relationship between these variables with significant F-value, $F (1, 257) = 140.381$, $p<0.001$. Therefore, hypothesis 5 is supported.

Table 5

Multiple Regression Analysis Results for Hypothesis 5

<table>
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<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T-Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB Patronage Behavior</td>
<td>16.828</td>
<td>1</td>
<td>10.582***</td>
<td>1.000</td>
<td>1.963</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Knowledge and Familiarity</td>
<td>16.191</td>
<td>1</td>
<td>0.597</td>
<td>11.848***</td>
<td>0.597</td>
<td>0.037</td>
<td>7.251</td>
</tr>
</tbody>
</table>

*p < 0.05 **p < 0.01 ***p < 0.000

An additional variable was added in the study and is called PLB preference. Multiple regressions were conducted to determine the effects of store image and knowledge and familiarity of PLBs on PLB preference, and the effect of PLB preference on PLB patronage behavior. After the analysis, it was determined that overall store image has little effect on consumer preferences for PLBs. Store image explains only 6.800% of these preferences. There was a high significance level with a significant F-value, $F (4, 257) = 4.595$, $p<0.001$. The Pearson Correlation matrix demonstrates no multicollinearity in the study with correlation values ranging from -0.017 to 0.212 and condition indexes ranging from 12.272 to 29.450. When
studied separately, the price construct of store image demonstrates a high significant effect on consumer preferences of PLBs with a p-value of 0.000.

Table 6

Multiple Regression Analysis Results for Store Image Effect on PLB Preferences

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T- Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB Preferences</td>
<td>8.50</td>
<td>4</td>
<td></td>
<td>1.282</td>
<td>1.000</td>
<td>4.928</td>
<td>1.000</td>
</tr>
<tr>
<td>Service</td>
<td>4.087</td>
<td>1</td>
<td>0.019</td>
<td>0.294</td>
<td>0.051</td>
<td>0.033</td>
<td>12.272</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>4.310</td>
<td>1</td>
<td>0.129</td>
<td>2.018*</td>
<td>0.107</td>
<td>0.021</td>
<td>15.432</td>
</tr>
<tr>
<td>Price</td>
<td>3.783</td>
<td>1</td>
<td>0.245</td>
<td>3.866***</td>
<td>0.212</td>
<td>0.013</td>
<td>19.282</td>
</tr>
<tr>
<td>Convenience</td>
<td>4.602</td>
<td>1</td>
<td>-0.092</td>
<td>-1.429</td>
<td>-0.017</td>
<td>0.006</td>
<td>29.450</td>
</tr>
</tbody>
</table>

* p < 0.05 ** p < 0.01 *** p < 0.000

Knowledge and familiarity of PLBs explains 30.200% of consumer preferences of PLBs. This relationship is significant, indicated by a significant F-value, F (1, 257) = 109.750, p<0.001. The Pearson Correlation value is only 0.549 and the condition index is 7.251. The mean score for consumer PLB preference is 8.504 and the mean score for PLB knowledge and familiarity is 16.191.
Table 7

Multiple Regression Analysis Results for Knowledge and Familiarity Effect on PLB Preferences

Dependent Variable: PLB Preferences
Independent Variable: Knowledge and Familiarity of PLBs
Analysis of Variance: $F (1, 254) = 109.750, p<0.001$
R Square: 0.302

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
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<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB Preferences</td>
<td>8.504</td>
<td>1</td>
<td></td>
<td>2.154**</td>
<td>1.000</td>
<td>1.963</td>
<td>1.000</td>
</tr>
<tr>
<td>Knowledge and Familiarity</td>
<td>16.191</td>
<td>1</td>
<td>0.549</td>
<td>0.764***</td>
<td>0.549</td>
<td>0.037</td>
<td>7.251</td>
</tr>
</tbody>
</table>

*p < 0.05  **p < 0.01  ***p < 0.000

The analysis indicated that consumer preferences have a significant influence on their patronage behavior toward PLBs with an r square value of 0.491. This suggests that 49.100% of consumer patronage behavior toward PLBs can be explained by consumer PLB preferences. The relationship’s significance is exhibited with a significant F-value, $F (1, 257) = 245.236, p<0.001$. According to the Pearson Correlation table, there is no multicollinearity with a value of exactly 0.700 and a condition index of 5.198. The mean score for PLB patronage behavior is 16.83 and the mean score for PLB preference is 8.504.
### Table 8

Multiple Regression Analysis Results for PLB Preferences Effect on PLB Patronage Behavior

- **Dependent Variable:** PLB Patronage Behavior
- **Independent Variable:** PLB Preferences
- **Analysis of Variance:** $F(1, 254) = 245.236, p < 0.001$
- **R Square:** 0.491

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>DF</th>
<th>Standardized Coefficients</th>
<th>T-Value</th>
<th>Pearson Correlation</th>
<th>Eigenvalue</th>
<th>Condition Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLB Patronage Behavior</td>
<td>16.828</td>
<td>1</td>
<td></td>
<td>19.373***</td>
<td>1.000</td>
<td>1.963</td>
<td>1.000</td>
</tr>
<tr>
<td>PLB Preferences</td>
<td>8.504</td>
<td>1</td>
<td>0.701</td>
<td>15.660***</td>
<td>0.701</td>
<td>0.071</td>
<td>5.198</td>
</tr>
</tbody>
</table>

*p < 0.05 **p < 0.01 ***p < 0.000
The results of the multiple regression analysis are demonstrated in Figure 5.1.

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**Figure 4** Model of the Effects of Store Image and the Knowledge and Familiarity of Private Label Brands on Private Label Brand Perceptions and Patronage Behavior

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R² = 0.088  P < 0.01

R² = 0.302  P < 0.01

R² = 0.318  P < 0.01

R² = 0.49  P < 0.01

R² = 0.72  P < 0.01

R² = 0.356  P < 0.01
CHAPTER 6
CONCLUSIONS AND DISCUSSION

The purpose of this research was to analyze the effects knowledge and familiarity of private label brands and store image have on the perceptions of, preferences for, and patronage toward private label brands in midscale department stores. In addition, the present research endeavored to determine the influence of private label brand perceptions on patronage behavior of private label brands.

The study determined that consumer perceptions of a store’s private label brands are shaped by their knowledge and familiarity with the PLBs, but not by the store’s image like the study originally suggested. Consumers base part of how they view PLBs on how much they know about PLBs. As suggested by Romaniuk and Sharp (2003) in previous studies, knowledge about a brand serves as a manipulator of the attitudes toward a brand. The current study verifies these results. The more consumers know about PLBs, the more positively they view them. As knowledge structures are built in the consumer’s mind, positive perceptions toward PLBs also grow. Keller (1993) proposed that advertising and promotional efforts by a retailer create knowledge about a brand in the consumers’ minds, which strengthens the consumers’ attitudes toward the brand and determines the brand’s level of success. The results of the current study indicate that as consumers come into contact with more PLBs, whether through actual usage, advertising, or promotional efforts, the more consumers view PLBs to be as good as national brands or better.
Knowledge and familiarity of PLBs was also found to affect the consumers’ preference for private label brands. As consumers are more exposed to a store’s PLBs, they generate a preference for the private label brands over other brands. Consumers may prefer a PLB over other brands because the PLB’s credibility is higher since the consumer has more experience with it. The more trust a consumer has in a PLB, the more credibility the PLB has to the consumer, resulting in more of a preference for the PLB (Dick et al., 1996). Therefore, PLBs that have more exposure and more familiarity in the consumers’ minds are preferred more by customers. This preference could demonstrate higher loyalty to a store, since PLBs are store exclusive. Therefore, it would be beneficial to a store’s overall growth to advertise and promote their PLBs because it would increase the consumers’ preference for their PLBs.

Previous studies by Semeijn, Riel, and Ambrosini (2004) and Paswan and Vahie (2006) suggested that store image has a significant effect in explaining how consumers perceive private label brands. However, neither the consumers’ perceptions of PLBs or the consumers’ preference for PLBs were affected by a store’s image in this study. Overall store image had insignificant effect on how consumers view PLBs or whether they prefer PLBs over other brands. In the study by Semeijn, Riel, and Ambrosini (2004), grocery products were studied rather than apparel products. In the study by Paswan and Vahie (2006), the participants used in the study were college students, not the target market for private label brands or department stores. These reasons may explain the differences in results. Surprisingly, when analyzed separately, specific store image constructs had some effect on these two variables. The study revealed that the store image factor of service had a somewhat significant effect on consumer perceptions of PLBs. Service can be described as how helpful and friendly the associates working in the store are to
the consumer. The better the service factor, the more highly the PLBs are perceived by the consumer. The store image factor of price was determined to have a positive influence on the preference consumers have for PLBs. If consumers felt that they were receiving a lower price or better value for their money with specific PLBs, they would prefer these PLBs over other brands.

Consumers’ patronage intentions toward PLBs were affected by several factors. Knowledge and familiarity of PLBs was found to directly influence whether consumers purchase PLBs, as well as indirectly through its influence on perceptions and preferences. The results support the Associated Network Theories of Memory which state that information in one’s memory is made up of concepts linked together in a network and what one knows about a brand persuades one’s purchase intentions (Romaniuk & Sharp, 2003, pp 221). Based on this study, it can be concluded that the more exposure consumers have to a PLB, the more likely they are to purchase the PLB.

In addition, consumer perceptions have a positive effect on PLB patronage behavior, just as suggested by previous studies (Liljander, Polsa, and Riel, 2009; Keller, 1993; & Romaniuk and Sharp, 2003). As Romaniuk and Sharp determined in their study on brand perceptions, when consumers view PLBs more favorably, they begin to purchase PLBs more often or on a regular basis. The same can be stated for consumer preference toward PLBs. As a consumer’s preference for PLBs increases, so does the consumer’s intent to purchase PLBs.

Studies by Semeijna, Rielb, and Ambrosini (2004), Akhter, Andrews and Durvasula (1994), and Martenson (2007) found that one’s experiences with a store environment and store image affected their purchase decisions. Interestingly, the current study determined patronage intention for PLBs is not significantly affected by store image as a whole, but it is affect by two
of its constructs separately. Both service and price were found to have some effect on consumer intent to purchase PLBs. If price is lower or value is higher, consumers are more likely to purchase PLBs, possibly due to this factor’s increase in PLB preference. If the service is perceived as better by the consumer, the higher the intent to purchase PLBs becomes. Again, this could also be because of the increase in consumer perceptions by the service factor.

Implications

The results of this study make several implications for midscale department store executives and managers. Executives should focus efforts on creating more awareness and exposure to their private labels. Since greater knowledge structures increase the favorability and purchase intention toward PLBs, which increase store sales, executives should be inclined to build these knowledge structures. Advertising and promotional efforts are ways in which consumers can become more knowledgeable of PLBs. Consumers cannot be knowledgeable about a brand if they are not exposed to the brand; therefore, PLBs should be marketed just like other brands. Advertisements through different media and in-store promotions are means in which consumers can be exposed to the brand as well as learn more about the brand, such as its level of quality, price, size range, style, and intended market.

Department store executives should also pay close attention to the price factor of their PLBs and other products. When consumers feel as if they are able to purchase clothing for lower prices or for a greater value, they are more likely to purchase the store’s PLBs. With this in mind, executives should price their products at a level in which consumers feel they are getting the best deal. Offering a wide range of price points based on a range of quality of PLBs is one way to do this. Consumers will have the option of purchasing lower quality PLBs with the lowest
price points or purchasing higher quality, higher price point PLBs which are on the quality level of some national brands but with slightly lower prices than their national brand counterparts. The price factor in the store is tricky, since the store should want to appear as a higher quality store with higher prices, but also should want to offer affordability for its entire market.

In addition, department store executives and managers should center efforts on the service factor of the store. Service should be monitored on both an executive and managerial level. Executives should set specific standards for service, while managers should encourage and enforce service standards and procedures. Stores should have a level of service that is emphasized and instilled in their associates. Managers should then monitor and enforce this level to ensure associates are performing as expected. For example, stores may expect associates to approach the customer by so many seconds after entering the department, check in on the customer in the dressing room, ask the customer to assist them with their needs, keep an upbeat and helpful attitude through the consumer’s entire shopping experience and so on. The more the customer feels the service level is higher, the more likely he or she is to purchase the store’s PLBs because they see the store and its brands in a more favorable manner. The store should also monitor the service the associate is giving through customer surveys to ensure the service is as high as possible, thus striving to increase PLB sales.

Limitations

While the study exhibited some interesting results for department stores and the increase of PLB sales, the study is somewhat limited to generalizability. First, the sample was limited to individuals in one Southeastern state and in one area of that state. Second, the area sampled was a college town. This could have some effect on the way the women of the area view private label
brands and department stores as a whole. The strong influence of the college students in the town may or may not have had some influence on the responses of the participants. Third, the sample size consisted of only 257 participants. A greater sample size may have produced different results.

**Future Study**

There are several areas in which future study may be beneficial to department store executives. First, studies could be expanded using a similar framework as this one but with a much larger sample that consists of participants all over the United States. A study using individuals from every state and geographic area should be conducted. Second, a study much like this one could be conducted but with a special interest in the differences in socio economical factors, ethnicities, and age groups. Third, the study should be conducted completely inside of department stores. In this type of study, consumers’ responses may vary since they are in the store and its image and their opinions are fresh in their minds. In addition, other studies may explore other variables such as specific media of advertisement (i.e. magazine, newspaper, commercial, radio) or promotional efforts (i.e. coupons, percentage off sales, buy one get one sales, etc).
REFERENCES


Appendices
Appendix A

Questionnaire

The questionnaire is used solely for academic research purposes and any information you provide will remain anonymous and will not be used for any other purposes nor be disclosed to a third party.

Please DO NOT write your name on the questionnaire.

SECTION I

1. Please indicate your gender.
   ____ Female    _____ Male

2. Please indicate your age.
   ____ 18-24       ____ 25-34      ____ 35-44       ____ 45-54       ___ 55 or older

3. Education
   ____ Some high school, not completed     ____ Four-year college degree/B.A/B.S
   ____ High school or equivalent          ____ Some post grad work
   ____ Some college, not completed         ____ Master’s Degree or professional degree
   ____ Two-year college degree/A.A/A.S    ____ PhD

4. Income
   ____ Less than $25,000   ____ $25,000-$39,999   ____ $40,000-$54,999
   ____ $55,000-$69,999   ____ $70,000-$84,999   ____ $85,000-$99,999
   ____ $100,000-$124,999 ____ $125,000-$150,000 ____ Above $150,000

SECTION II

1. How many times did you go to department stores to purchase clothing items in the past year?
   ______ Never
_____ Seldom
_____ Occasionally
_____ Often
_____ Very Often

2. Do you have a favorite department store that you especially like to visit to purchase clothing items? If yes, please choose the store name. Mark only one and consider the following questions for that store.

___ YES  ___ NO

_____ JC Penney
_____ Macy’s
_____ Dillard’s
_____ Belk
_____ Sears
_____ Kohl’s
_____ Other (please specify) ________________________________

PLEASE NOTE:

Definition

Private label brand: any brand made and sold exclusively by the retailer.

Examples

- JC Penney: Arizona Jeans, a.n.a, Nicole, Worthington, Allen B., American Living, Bisou Bisou, St. John’s Bay, decree, Fabulosity, C7P
- Dillard’s: Westbound, Preston & York, Bechamel, Gianni Bini, Pink Twill, Antonio Melani
- Belk: Kim Rogers, Madison, Choices, New Direction, Red Camel, Kristen Davis, Sophie Max, Saddlebred, Meeting Street, be inspired, Pro Tour, W.H. Belk, J. Khaki
- Sears: Canyon River Blues, Apostrophe, Covington, Jaclyn Smith, Joe Boxer, Route 66, Land’s End
- Kohl’s: Apt. 9, Croft & Barrow, Sonoma, Urban Pipeline, Moments

SECTION III
Please answer the following questions regarding the department store you selected in question 2.

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The employees are very friendly.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. The service is excellent.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. I am pleased with the service I receive.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. The store is easily accessible from the parking lot.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. The store is easy to shop in.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. The store is convenient for me to go to.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. The store sells only high quality clothes.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8. I like the private label brand clothes of the store.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9. I can count on the clothes I buy at this store being excellent.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10. The prices at the store are fair.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11. I obtain value for my money at the store.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12. I can purchase clothes for less at the store.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13. The appearance of the store is appealing.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14. The employees are dressed appropriately and neat.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15. The store is dirty. (R)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16. The store is old-fashioned. (R)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**SECTION IV**

Please answer the following questions regarding the private label brands of the department store you selected in question 2.
<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Preference for Private Label Brands

1. I shop at my favorite department store because I like private label brands it carries.  
   1 2 3 4 5

2. I like to visit my favorite department store because of the private label brands it carries.  
   1 2 3 4 5

3. I prefer to purchase private label brands of my favorite department store rather than national brands.  
   1 2 3 4 5

Knowledge and Familiarity of Private Label Brands

1. I know a lot about the private label brands of my favorite department store.  
   1 2 3 4 5

2. I know a lot about the private label brands of my favorite department store compared to the average person.  
   1 2 3 4 5

3. I am quite familiar with the private label brands offered by the department store.  
   1 2 3 4 5

4. In comparison with the typical purchaser, I believe I am quite familiar with the private label brands offered by the store.  
   1 2 3 4 5

5. I can tell the difference between the quality of private label brands and national brands offered by the department store.  
   1 2 3 4 5

Perceptions of Private Label Brands

1. I consider the private label brands to be a good choice.  
   1 2 3 4 5

2. The private label brand items are a good value for money.  
   1 2 3 4 5

3. I believe that private label brand items will be of high quality.  
   1 2 3 4 5

4. In comparison with national brands, I believe the quality of private label brands will be as good as or better.  
   1 2 3 4 5

Patronage Intention

1. I will definitely consider buying the private label brands of my favorite department store.  
   1 2 3 4 5
favorite department store.

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>There is a strong likelihood that I will buy these private label brands.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>In the future, I would very probably purchase private label brands from my favorite department store.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>I will buy these private label brands the next time I shop at this department store.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>I would be willing to pay a higher price for the private label brands of the department store over other brands.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
Appendix B

IRB Approval

The University of Georgia
Office of the Vice President for Research
DHHS Assurance ID No.: FWA0003901

APPRAVAL FORM

Date Proposal Received: 2009-10-28
Project Number: 2010-10350-0

Name  Title  Dept/Phone  Address  Email
Dr. Yoo-Kyoung Seock  PI  Textiles, Merchandising, and Interiors  307 Dawson Hall  706-542-4892  yseock@fcs.uga.edu
Ms. Jennifer McBrin  CO  Textiles  Dawson 1010  864-888-7772  jmcbri2@uga.edu

Title of Study: The effects of store image and knowledge and familiarity of private label brands (PLBs) on PLB perceptions and PLB patronage behavior

45 CFR 46 Category: Administrative 2
Parameters: None;
Change(s) Required for Approval: Revised Application; Revised Consent Document(s);

NOTE: Any research conducted before the approval date or after the end date collection date shown above is not covered by IRB approval, and cannot be retroactively approved.

Number Assigned by Sponsored Programs:  

Funding Agency:

Your human subjects study has been approved.

Please be aware that it is your responsibility to inform the IRB:
• of any adverse events or unanticipated risks to the subjects or others within 24 to 72 hours;
• of any significant changes or additions to your study and obtain approval of them before they are put into effect;
• that you need to extend the approval period beyond the expiration date shown above;
• that you have completed your data collection as approved, within the approval period shown above, so that your file may be closed.

For additional information regarding your responsibilities as an investigator refer to the IRB Guidelines. Use the attached Researcher Request Form for requesting renewals, changes, or closures. Keep this original approval form for your records.

Chairperson or Designee,
Institutional Review Board

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Appendix C

Consent Form

I, _______________________, agree to take part in a research study titled “The effects of store image and knowledge and familiarity of private label brands (PLBs) on PLB perceptions and PLB patronage behavior”, which is being conducted by Jennifer McBride from the Department of Textiles, Merchandising and Interiors at the University of Georgia (864-888-7772) under the direction of Yoo-Kyoung Seock, Department of Textiles, Merchandising, and Interiors, University of Georgia (706-542-4892). My participation is voluntary; I can refuse to participate or stop taking part at any time without giving any reason, and without penalty. I can ask to have information related to me returned to me, removed from the research records, or destroyed.

The purpose of this study is to provide department store executives with information related to the effects of store image on consumers’ attitudes toward private label brands of the store and consumers’ patronage toward private label brands of the store. In addition, the study will determine the effects of the consumers’ knowledge and familiarity of private label brands on their attitudes and patronage behavior toward private label brands.

If I volunteer to take part in this study, I will be asked to do the following things:

a. Complete a 10-15 minute survey before leaving the store.
b. Return the completed survey and consent form to the researcher before leaving the store.

I will not benefit directly from this research.

No discomforts or stresses are expected.
No risks are expected.

The results of this participation will be anonymous.

The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by telephone at: 864-888-7772.

My signature below indicates that the researchers have answered all of my questions to my satisfaction and that I consent to volunteer for this study. I have been given a copy of this form.

____________________  ___________________________  _____________
Name of Researcher   Signature     Date
Telephone: ______________
Email: _________________

____________________  ___________________________  _____________
Name of Participant   Signature     Date

Please sign both copies, keep one and return one to the researcher.

Additional questions or problems regarding your rights as a research participant should be addressed to The Chairperson,
Institutional Review Board, University of Georgia, 612 Boyd Graduate Studies Research Center, Athens, Georgia 30602-7411;
Telephone (706) 542-3199; E-Mail Address IRB@uga.edu
Appendix D

Authorization for Store Use to Conduct Surveys

To Whom It May Concern,

I agree to take part in a research study titled “The effects of store image and knowledge and familiarity of private label brands (PLBs) on PLB perceptions and PLB patronage behavior”, which is being conducted by Jennifer McBride from the Department of Textiles, Merchandising and Interiors at the University of Georgia (864-888-7772) under the direction of Yoo-Kyoung Seock, Department of Textiles, Merchandising, and Interiors, University of Georgia (706-542-4892). I agree to allow the researchers to sit in the store, at an entrance, during scheduled dates and times to conduct surveys with customers inside the store.

The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by telephone at: 864-888-7772.

My signature below indicates that the researchers have answered all of my questions to my satisfaction and that I authorize the use of the store for the researcher to conduct survey.

______________________________  __________________________  _____________
Jennifer McBride  Name of Researcher   Signature     Date
Telephone:  864-888-7772
Email: jmcbrid2@uga.edu
Name of Company  Date

Name of Store Manager  Signature