

Household Size and Brand Perception: The Case of Store Brands in Zimbabwe

Sarah Nyengerai

Department of Marketing, Bindura University of Science Education, P/Bag 1020, Bindura, Zimbabwe

Evans Manjoro

Department of Statistics, University of Zimbabwe, P.O Box MP 167 Mount Pleasant Harare Zimbabwe

Email: snyengerai@gmail.com

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Abstract

An assessment was made of the effect of family size on store brand perception. It was hypothesized that larger households because of resources constraints would have a higher perception of store brands. A survey of 43 households was conducted in Harare, Bulawayo and Bindura and their perception of store brands was captured along three dimensions which were perceived quality, value and risk. The results from the regression analysis illustrated that the effect of household size was significant for perceived value ($p=0.003$) and perceived risk ($p<0.0001$). Regarding perceived quality there was no significant ($p>0.05$) effect of family size. Specifically there was a strong negative correlation between family size and perceived risk for store brands and a strong positive correlation between family size and perceived value. The authors concluded that when family size is bigger there is a higher chance that the main shoppers will tryout lower priced brands that are on the market and this is because of resource constraints. This pattern of consumer behavior will lead to greater familiarity of store brands among larger households and consequently lower perceived risk and a higher value perception. Retailers can drive the growth of private label brands among price conscious consumers through the development of advertisements which communicate the fact that store brands offer economic advantage to large households without compromise of quality.

Key words: Store, Brand, Perception, Family size, Risk, Value, Quality

Introduction

Brand perception is an important driver of success in the retail sector (Richardson et al (1996). Factors which affect the perception of brands include customer service (Mukucha et al 2012, Rzem & Debabi 2012), packaging design (Mc Tigie Pierce, 2012), store image (Collins-Dodd and Lindley, 2003) and consumer characteristics/demographic factors (DeVecchio, 2001). It is imperative to invest in marketing research to gain insight into the specific and local effect of these factors in the retail industry so that strategic and profitable decisions are implemented especially when new brands enter the market.

In Southern Africa and example of a relatively new product is the store brand (Beneke, 2009). Store brands are those which are sold by a retailer under a single brand name. They are exclusively managed by the retailer for sale in a specific chain of stores. In Southern Africa the country which has the most advanced store brand market is South Africa with a market share of 8% (Beneke, 2009). This is in sharp contrast to developed countries such as United Kingdom and Sweden which have store brand market share in the grocery sector of over 40% (Euro Monitor, 2013).

The benefits retailers in developed countries have realised from store brands include, increased profitability through cost saving (which in turn leads to increased margins), increased store loyalty and creation of a distinct corporate identity (Ferne et al., 2003). Research results show that the gross margin realised from store brands can be 25–50% higher compared to national brands (Keller, 1993; Semeijn et al., 2004).

In Southern Africa where the store brands market is still young there is limited information on factors which are likely to drive success of store brands. The purpose of this paper is to quantify the effect of demographic factors (family size) on store brand perception and thus contribute to the body of knowledge that will guide strategic decisions.

Demographic Factors and Store Brand Perception

There is a wide range of literature on the effects of family size and store brand perception and or purchasing behaviour. Research done by (Diallo et al., 2013) which aimed to examine the factors that influence store brand purchase behaviour in the French market revealed that although store image perceptions, value awareness, and store brand attitude had a significant and positive influence on store brand purchase behaviour none of the socio-demographic variables namely age, gender, household income, and family size (control variables) had an effect on store brand choice. Another study by (Tifferet et al., 2010) looked at the effect of individualism (that is the ability to make an independent choice without the influence of others which could be family) on private brand perception. They found that there was a strong correlation between individualism and private brand perception suggesting that when someone's choice is not influenced by others i.e. they are an independent thinker they are highly likely to try private label brands or alternative brands. This could mean that being single could positively influence the inclination to purchase store brands. On the other hand (Richardson et al., 1996) hypothesized that the greater the size of the household, the higher the proportion of the budget devoted to store brands rather than national brands because of their lower prize position. Their studies confirmed this hypothesis and there was a significant and positive relationship between family size and store brand perception.

The results are in line with a study by Frank and Boyd (1965) who found that there is a positive relationship between family size and store brand proneness. This is because private label grocery products have been marketed on the basis of budget pricing i.e. being less expensive. Buying private labels rather than national brands results in considerable savings to households thereby enabling households to stretch their limited grocery budgets. The

different effects of family size on store brand perception as outlined above justified a local analysis to gain insight on the relationship between store brands perception and family size in Zimbabwe. Being a low income country it was expected that larger households or families would have a better perception towards store brands.

The study was guided by the following hypothesis:

H₁: Family size has got a significantly positive effect on private brand perception

Methodology

A survey questionnaire was designed to collect data that would quantify the structural relationship between family size and perception of store brands. The analysis is represented by the following equation:

$$Y = y + \beta_1 FS + \epsilon_1$$

Y is the consumer perception of store brands, FS is family size, β is the regression coefficient, y the intercept and ϵ the error term. The questionnaire was also used to collect data for a wider study on store brand perception. The 1st part of the questionnaire collected demographic information and information on consumer characteristics. The 2nd part of the questionnaire collected data on store brand perception. Consumers were asked to give their perception of a basic commodity from a local Zimbabwean retailer, 'TM Super Saver Rice,' store brands for TM supermarkets are manufactured /packaged locally. The questionnaire was pre-tested prior to implementation of the main survey. The data for the main survey was collected by intercepting customers as they exited from TM supermarkets in Harare, Bulawayo and Bindura.

Measures of the store brand perceptual variables being tested were taken via seven-point, multi-item scales with items anchored by completely disagree and completely agree. For the variables measured, the scale items in Table 1 were used, (R) indicates that the item was reverse-coded. Reliability of scale items was tested and Cronbach's Alpha proved to be greater than 0.7. Items for store brand perception were based on a scale used by (Semeijn *et al.*, 2004 and Rzem & Debabi 2012).

Analysis

Data was analyzed using simple linear regression. The independent variable was family size and the dependent variable was store brand perception. The level of significance used was ($p=0.05$). To validate the normality assumption on residuals we used the histogram.

Table 1 Scale Items for the Variables Tested

Factor		Items Measured
Store Brand (SB) Perception		<ul style="list-style-type: none"> The overall quality of SB is low (R) I am highly likely to purchase a SB
SB risk perception		<ul style="list-style-type: none"> Considering the cost of rice for me to purchase a SB would be very risky (R) The purchase of SB rice is risky because the quality of SB is inferior (R) I would definitely not purchase SB rice because I am likely not to realize proper functionality of the product (R)

- SB quality perception
 - With respect to rice SB are inferior to national brands (R)
 - SB of rice are similar in quality to national brands
- SB value perception
 - SB of rice appear to be a bargain
 - For rice the higher the price for a brand, the higher the quality. (R)
 - For rice it is true that you get the quality that you paid for. (R)

Results and Discussion

Description of Population

The mean age of the respondents was 28.5 years; range was 19-57 years. Concerning the gender of respondents, 66 % were female and 34% were male. The mean monthly income was USD 599, with a range from less than \$200 -\$3000.

Family size and store brand perception

Results from the regression analysis show that there was a significant effect of family size on store brand perception.

Table 2: Effect of Household Size on Store Brand Quality Perception

Model	Standardized Coefficients		t	Sig.
		Beta		
1	(Constant)	3.063	5.592	.000
	Family Size	0.284	1.567	.128

R²: 8%

Table 3: Effect of Household Size on Store Brand Value Perception

Model	Standardized Coefficients		t	Sig.
		Beta		
1	(Constant)	3.214	7.543	.000
	Family Size	0.501	3.060	.005

R²: 25.1%

Table 4: Effect of Household Size on Store Brand Risk Perception

Model	Standardized Coefficients		t	Sig.
	Beta			
1 (Constant)	5.046		12.255	.000
Family Size	-0.603		-3.997	.000

R²: 36.3

The findings of this study resonate with those of (Richard et al., 1996) who found that the larger the households' size (because of limited resources resulting in a higher level of price consciousness) the greater the private brand proneness ($P = 0.097$). This has also been illustrated by the work of (Ailawadi et al., 2001; Burton et al.; Barta & Sinha, 2002), the respective researchers found that consumers have a favourable attitude towards store brands are price conscious meaning they are interested in paying low prices, making price the basis of their product perception and consequently choice.

Retailers use knowledge of the relationship between demographic factors and brand perception to design marketing campaigns. Abubakar (2011) found that designing marketing campaigns based on knowledge of the different market segments and thus targeting communication accordingly had a positive effect on product demand.

Thus in this study the results show that targeting specific store brands marketing campaigns towards larger households can be a profitable strategy for retailers.

Conclusion and Recommendation

The authors concluded that when family size is bigger there is a higher chance that the main shoppers will tryout lower priced brands that are on the market and this is because of resource constraints. This pattern of consumer behavior will lead to greater familiarity of store brands among larger households and consequently lower perceived risk and a higher value perception. Retailers can drive the growth of private label brands among price conscious consumers through the development of advertisements which communicate the fact that store brands offer economic advantage and affordability to large households without the compromise of quality. It is also imperative for marketers to design marketing campaigns that are based on relevant demographic information from the targeted segments. Such campaigns will increase demand for private label brands resulting in increased profits.

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