THE EFFECTS OF CONSUMER PERCEPTION ON STORE IMAGE AND PRIVATE LABEL: COMPARATIVE STUDY BETWEEN TAIWAN AND JAPAN

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ABSTRACT

In this paper, we report on empirical results on the relation between a private label and store image in Taiwan and Japan. Private labels are generally defined as goods which shall be sold in a specific retailer as the retailer's original brand. Retailers preferred to sell private labels because the private label cannot be sold in other retail stores, and can contribute to the retailer's profit.

Private labels, however, have been regarded as cheaper goods than national brands. Indeed, average prices of private labels are always cheaper than national brands' are. So typically, when consumers choose a private label, just for price reason.

Recently in Japan, consumer perceptions to private labels are gradually changing. This change is attributed in some extent to new product development by convenience stores. These private labels are placed at better locations than national brands are in the stores. These private labels are no longer regarded as cheaper goods, rather as "the only-one goods" at the specific retail store.

In this paper, we examine how the consumers' perceptual characteristics and a store's image influence private label attitude and purchase intention. We conducted two surveys of 350 and 670 consumers both in Taiwan and Japan, respectively. We found that consumer perceptual characteristics and store image both impact on purchase intention, but that consumer perceptual characteristics have a stronger effect on private label attitude than store image. In addition, store image plays the role of antecedent in consumer perceptual characteristics.

KEY WORDS: private labels, consumer perception, store image, attitude, purchase intention.

1. INTRODUCTION

The purpose of this paper is to show two empirical results on the relation between private label and store image in Taiwan and Japan. Private labels, also known as store brands or private labels, are owned and branded by retailers. In our research, we will focus on the relation between consumer perceptions on private labels and store image.

Private label users have particular consumer perceptual characteristics, especially a price-quality related perception. Particular consumers will be attracted to the benefits of lower prices, and as a result lower prices become an important reason for purchasing private labels, in general (Hoch and Banerji, 1993). Ailawadi et al. (2001) indicate that price consciousness and low quality consciousness are particular characteristics of private label users.

International context of private labels, private labels have around 17% of the market share, and the rate of growth keeps increasing (ACNielsen, 2005). As private labels are priced on average 31% lower than national brands (ACNielsen, 2005). Private labels have become an important contribution for retailers to build consumer store loyalty (Richardson et al., 1996; Batra, 2000).

Nonetheless there are several persuasive empirical studies, the role of private labels is gradually changing in the Japanese retail context. Many Japanese convenience stores are developing and introducing a variety of private label goods. Private labels in Japan began in 1960 with Daiei, one of the biggest retailers in Japan (Ono, 2010).

Since 1960, Daiei led Japanese private label competitors against the national brands. Here national brand means products that large manufactures produced. Table 1 shows some samples of price differences between private labels and national brands in Japan. At that time, the reason Japanese consumers bought private labels was price. That is, private labels were cheaper than national brands. It took more than 20 years for our perceptions of private labels to slightly change. Brands are still cheaper, but one important difference exists; producers' names on them.

Table 1. Price differences between private label and national brand

	Detergent	Orange juice	Coke	Films (3 in one, ISO100)	Beer
NB	830	340	110	1470	220
PL	348	198	39	498	128

(Unit: JPY, EUR1=JPY120, average 1995)

Source: Ono (2010), p. 96, Figure 5-2.

It was normal that the original manufacturer was not known in private label developments. There have never been manufacturers' names on private label goods. Against this general trend, one dominant convenience store, 7-ELEVEn Japan now displays the manufacture's name on its private label goods. This is sometimes called "double-chop". In double-chop type private labels, consumers strongly care about which manufacture produced the private label goods. In this case, Japanese consumers do not choose a private label as cheaper goods. So, private labels do not have the same perception in an international context.

With regard to consumer perceptual characteristics, the link between store image and consumers purchase behaviour toward private labels is also being discussed. A store image is viewed as the image of a particular store in the consumer's minds (Chowdhury et al., 1998). Store image is an important factor in the retailer's ability to achieve a competitive advantage and is viewed as a predictor of consumer behaviour (Hartman and Spiro, 2005). Prior studies have indicated that store image directly impacts on consumer attitude and purchase intention toward private labels (Thang and Tan, 2003; Bao et al., 2011). Moreover, store image may also indirectly impact on the attitude and purchase intention of private labels. If a private label is perceived to be of lower quality, it might be due to the fact that store image is an extrinsic cue for improving the quality perception by a consumer toward a private label (Bao et al., 2011).

From above discussions, we suppose that store image and consumer purchase behaviour toward private labels are associated positively with each other. Hoch and Banerji (1993) indicated that the consumer factor and the retailer factor affected the development of private labels simultaneously. However, empirical research investigating the links between these two concepts is still scarce. Moreover, studies on private labels have been conducted primarily in Europe and the USA, and few studies are available in Asia (Jin and Suh, 2005; Au-Yeung and Lu, 2009).

In an attempt to bridge this gap, we investigated how consumer perceptual characteristics and store image influence the attitude and purchase intention toward private labels in both Taiwan and Japan. Our focus is primarily on price and quality related consumer perceptions toward private labels. Jin and Suh (2005) found that consumer innovativeness has a stronger influence than the perceptions of price and quality. Thus, in this study, the consumer perceptual variables consist of price consciousness, perceived quality variation, and consumer innovativeness. Store image variables include merchandize, store atmosphere, reputation, and service quality. In addition, we also investigated if store image is an antecedent of a consumer's individual perception. Our findings provide new insights to retailers allowing them to better apply the strategy of private labels to enhance their consumers' attitude and purchase intention toward the store's private label. The remainder of this paper is organized as follows. The next section develops the theoretical foundation for our hypotheses. We then describe the study method and the results, which are followed by a discussion of our findings.

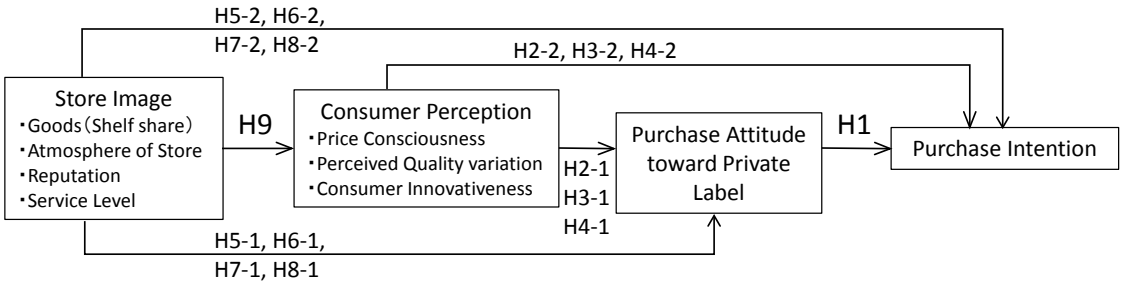
2. THEORY AND HYPOTHESES

2.1. Theory and Model

In this section, we develop research hypotheses. Before to do so, we will show our research framework. Figure 1 is the research framework. This framework describes the relationships among four main elements in our study. They are store image, consumer perception, purchase attitude toward private label, and purchase intention. The basis of this framework is based on the relationship between attitude and intention model (Fishbein and Ajzen, 1975).

This model supposes that purchase intention shall be constructed with consumers' attitudes. Attitude is defined as an expression of favour (or disfavour) toward a person, place, thing, or event; the attitude objects. In our study, purchase attitude forms purchase intention. This is related with a hypothesis 1. In regard with hypotheses, we will introduce later. Purchase attitude is influenced by two elements. One is consumer perception, another is store image. Moreover, these elements influence the others. So, we will specify our research hypotheses more detailed in next section.

Figure 1. Conceptual framework



2.2. Hypotheses

In our model, there are four elements. They are purchase intention, purchase attitude toward private label, consumer perception, and store image. They are all related. Then, we will define them and specify the relation as the research hypotheses below. All measures were adopted from prior research and were assessed using a Likert-type five-point scale.

Private label attitude and purchase intention

Private label attitude is an important factor in the prediction of purchase intention (Burton et al., 1998; Garretson et al., 2002). Existing literature has indicated that attitude and intention have a consistent relationship (Schiffman and Kanuk, 2000). When consumers consider private labels as being inferior, their purchase intention will be reduced (Jin and Suh, 2005). Private label attitude was measured by two items. The measures were derived from Burton et al. (1998). Purchase intention was measured by three items. The measures were adopted from Dodds et al. (1991). We therefore proposed the following hypothesis.

H1: Private label attitude is positively associated with purchase intention.

Consumer perceptual characteristics

Consumer perceptual characteristics have three factors; price consciousness, perceived quality variation, and consumer innovativeness. Those definitions and hypotheses are as follows.

Price Consciousness

Private label users pay more attention to price than national brand users do (Rothe and Lament, 1973). When consumers cannot understand the quality of a private label from the packaging or labeling, consumer can only use the price to evaluate the private label. Consumers use price as an indicator to whether to purchase a private label (Rothe and Lamont, 1973). Kirk (1992) found that 67% of the consumers who buy private labels consider price as a key factor. In addition, Batra and Sinha (2000) found that price awareness has a direct impact on purchase intention toward a private label. Because the lower price of a private label is the main reason of purchasing private label, it can be hypothesized that consumers that are more price conscious will prefer private labels. Price consciousness was measured by a two-item scale based on the scale from Lichtenstein et al. (1993) and Burton et al. (1988). The scale was used to measure the answer to the statements: “When I want to buy a product, I will look for the cheapest brand,” and “When I’m choosing a brand, the price is the most important factor”. We therefore proposed the following hypotheses.

H2-1: Price consciousness is positively associated with private label attitude.

H2-2: Price consciousness is positively associated with purchase intention.

Perceived Quality Variation

This means the fact that consumers perceive that there is a difference in quality between national brands and private labels (Richardson et al., 1996). In general, the level of perceived quality of national brands is higher than that of private labels (Cunningham et al., 1982; Richardson et al., 1994). Prior studies have shown that perceived quality variation affects the consumer’s attitude and purchase intention toward a private label (Richardson et al., 1996; Batra and Sinha, 2000). If consumers are more inclined to buy private labels, then that means that consumers consider that the variation in quality between a private label and a national brand is low. Perceived quality variation was measured by two items adopted from Dick et al. (1995). The scale assessed the difference between national brands and private labels for overall quality and reliability of ingredients. We therefore propose the following hypotheses.

H3-1: Perceived quality variation is negatively associated with private label attitude.

H3-2: Perceived quality variation is negatively associated with intention to purchase.

Consumer Innovativeness

Here, we employ the definition of consumer innovativeness, as Ailawadi et al. (2001)’s; it is a psychological consumer characteristic of exploring new things. Innovative consumers can judge independently and are more willing to buy a new product (Manning et al., 1995). When a private label is considered as a new product, consumers with innovative tendencies will have a positive perception toward private labels (Granzin, 1981). Jin and Suh (2005) found that consumer innovation positively affects private label attitude and purchase intention. Consumer innovativeness was measured by five items. The measures were adopted from Manning et al. (1995). We therefore proposed the following hypotheses.

H4-1: Consumer innovativeness is positively associated with private label attitude.

H4-2: Consumer innovativeness is positively associated with purchase intention.

Store Image

Store image is a combination of overall perception of consumers of a store (Lindquis, 1974), and is particularly derived from their subjective and objective perceptions (Hartman and Spiro, 2005). The conceptualization of store image attributes is diverse and multi-dimensional (Vahie and Paswan, 2006). According to the literature (Sirohi et al., 1998; Thang and Tan, 2003), store image in this study will refer to merchandise, atmosphere, store reputation, and service quality.

Consumers use this image to evaluate a store. Bao et al. (2011) indicate that a store image may reduce consumers' uncertainty about the quality of a store's private label and that it influences their willingness to buy. Prior research has found that a store's image has a positive relationship with private label attitude and purchase intention (Grewal et al. 1998; Collins-Dodd and Lindley, 2003; Vahie and Paswan, 2006; Bao et al., 2011). Consequently, consumers will adopt a positive attitude and intention to purchase toward a private label if they have a good image of the store. The dimensions of store image included merchandize, atmosphere, reputation, and service quality (Thang and Tan, 2003; Sirohi et al., 1998). Service quality was measured by five items, merchandize and reputation were both measured by two items, and atmosphere was measured by three items. We therefore proposed the following hypotheses.

H5-1: Merchandise is positively associated with private label attitude.

H5-2: Merchandise is positively associated with purchase intention.

H6-1: Atmosphere is positively associated with private label attitude.

H6-2: Atmosphere is positively associated with purchase intention.

H7-1: Reputation is positively associated with private label attitude.

H7-2: Reputation is positively associated with purchase intention.

H8-1: Service quality is positively associated with private label attitude.

H8-2: Service quality is positively associated with purchase intention.

Antecedent of store image on the individual perception of consumers

The consumers' attitude toward a private label may become negative if they have an uncertain attitude towards the quality of that private label and consider it a risky product (Richardson et al., 1996; Batra and Sinha, 2000). Store image is an extrinsic cue that provides a reference for the consumer to evaluate a private label (Bao et al., 2011). Prior studies found that store image may affect consumer perception, especially quality perception (Richardson et al., 1996; Bao et al., 2011). We therefore proposed the following hypothesis.

H9-1: Store image is positively associated with price consciousness.

H9-2: Store image is positively associated with a variation of perceived quality.

H9-3: Store image is positively associated with consumer innovativeness.

3. DATA COLLECTION AND ANALYSIS

3.1 Data Collection

In previous section, we have defined and set our research hypotheses on store image, consumer attitude for private label, and purchase intention. Our research model is not complicated, but also tricky. Here we explain the research method related issues. We observed the effects of consumer perception and store image on private label attitude and purchase intention in a convenience store chain. According to the AC Nielsen report, compared to other retail industries, private labels in convenience stores have a high rate of growth (ACNielsen, 2008a). The main convenience store chain both in Taiwan and Japan, 7-ELEVEn was chosen as the convenience store chain for our questionnaire survey.

In order to ensure what was meant by private labels, a detailed written description of the 7-ELEVEn private label products was provided, complete with photos, at the beginning of the questionnaire. Respondents were requested to answer the question according to their experience with 7-ELEVEn and their private label products. We had two surveys in Taiwan and Japan. In Taiwan, from the 692 questionnaires that were handed out, a total of 350 usable responses were received, yielding a 50.6% response rate. Of these eligible participants, 52.0% were male, and 48 % were female, with 71.2% of them ranging in age between 18 to 34. In Japan, 593 were used out of 720 questionnaires; for male 403, 56.0% and for female 317, 44.0%. These demographics are similar to those in the survey of AC Nielsen (2008b) in which the majority of the users of the convenience store were male, ranging in age from 15 to 34.

3.2 Analysis

In this section, we will analyse data above. In this analysis, as Figure 1 above showed, a structural equitation modelling shall be employed. This model is included two main variables. One is causal relations of measured variables. Another is to show latent variables. The former employed regression analysis and the latter used a confirmatory factor analysis. Here we show two results; Taiwan's and Japan's because Japan's analysis was not convergence the model estimation. Here, first we show Taiwan result, then Japan result.

3.2.1 Taiwan Results

Taiwan result shall be shown below as construct validity and overall model fitting indicators. Detailed results in descriptive statistics are reported in table 2. This table 2 provides the means, standard deviations and correlation of the variables used in this study.

Table 2. Descriptive statistics in both Taiwan and Japan results

	1T	1J	2T	2J	3T	3J	4T	4J	5T	5J	6T	6J	7T	7J	8T	8J	9T	9J	Mean(T)	Mean(J)	S.D.(T)	S.D.(J)
1 Price consciousness	1.000	1.000																	2.813	2.329	0.794	0.384
2 Perceived quality variation	0.151	0.004	1.000	1.000															5.391	3.052	1.512	0.496
3 Consumer innovativeness	0.144	0.046	-0.135	-1.310	1.000	1.000													3.442	3.679	0.676	0.472
4 Marchandise	0.030	0.149	-0.038	-2.040	0.080	0.135	1.000	1.000											3.426	2.816	0.749	0.789
5 Atmosphere	0.017	0.178	-0.025	0.880	0.200	0.175	0.374	0.125	1.000	1.000									3.656	3.486	0.567	0.419
6 Reputation	0.092	0.161	-0.105	-0.017	0.109	0.136	0.357	0.091	0.401	0.612	1.000	1.000							7.350	3.361	1.310	0.480
7 Service quality	-0.096	0.168	-0.120	0.003	0.234	0.190	0.292	0.111	0.451	0.599	0.422	0.419	1.000	1.000					3.600	3.684	0.547	0.454
8 Private label attitude	-0.121	0.114	-0.221	0.059	0.174	0.189	0.102	0.108	0.039	0.582	0.273	0.393	0.105	0.628	1.000	1.000			2.970	3.719	0.617	0.444
9 Purchase intention	-0.080	0.651	0.049	0.009	0.140	-0.034	0.090	0.148	0.065	0.133	0.162	0.108	0.157	0.108	0.520	0.093	1.000	1.000	3.328	2.668	0.672	0.860

Note: Bold boarder p<0.05, shade p<0.01

Construct Validity

A confirmatory factor analysis was used to assess the measurement model. The measurement model fitted the data acceptably (chi-square=387.780, df=288, p=0.000; GFI=0.925, CFI=0.972, NFI=0.901, RMSEA=0.032), and all factor loadings were significant (p<0.001). The composite reliability of all the constructs exceeded the 0.60 threshold. The average variance extracted scores from this analysis ranged between 0.499 and 0.670. Overall, these results showed that our proposed measures possessed adequate reliability and validity.

Overall Model

The results are shown in Table 3. H1 postulated that private label attitude impacts purchase intention. Private label attitude was positively associated with purchase intention (β=0.546, p<0. 001), thus supporting H1. H 2-1 to H4-1 postulated that perceptual characteristics of the consumer impact private label attitude. As shown in Table 3, price consciousness and consumer innovativeness were positively related to private label attitude (β=0.168, p<0. 05; β=0.238, p<0.001), thus supporting H2-1 and H4-1. Perceived quality variation was negatively related to private label attitude (β=-0.190, p<0. 05), thus supporting H3-1.

H2-2 to H4-2 postulated that the perceptual characteristics of the consumer impact purchase intention. As shown in Table 3, price consciousness was positively related to purchase intention (β=0.180, p<0. 01), thus supporting H2-2. However, perceived quality variation and consumer innovativeness were not significantly associated with purchase intention (β=0.107; β=-0.003), thus failing to support H3-2 and H4-2.

H 5-1 to H8-1 postulated that the attributes of store image impact private label attitude. Service quality was positively associated with private label attitude (β=0.284, p<0. 01), thus supporting H8-1. However, the rest of the hypotheses were not significantly associated with private label attitude (H5-1: β=0.032; H6-1: β=-0.055; H7-1: β=-0.047), thus failing to support H5-1, H6-1 and H7-1.

H5-2 to H8-2 postulated that the attributes of store image impact purchase intention. Reputation was positively associated with purchase intention (β=0.181, p<0. 05), thus supporting H7-2. However, the rest of the hypotheses were not significantly associated with private label attitude (H5-2: β=0.044; H6-2: β=-0.160; H8-2: β=-0.031), thus failing to support H5-2, H6-2 and H8-2.

Table 3. Hypotheses Tests (H1-H8)

		β	t	Results
H1	Private label attitude -> Purchase intention	0.546***	6.09	Accepted
H2-1	Price consciousness -> Private label attitude	0.168*	2.30	Accepted
H2-2	Price consciousness -> Purchase intention	0.18**	2.69	Accepted
H3-1	Perceived quality variation -> Private label attitude	-1.90*	-2.29	Accepted
H3-2	Perceived quality variation -> Purchase intention	0.11	1.58	
H4-1	Consumer innovativenss -> Private label attitude	0.238***	3.65	Accepted
H4-2	Consumer innovativenss -> Purchase intention	0.00	-0.05	
H5-1	Marchandize -> Private label attitude	0.03	0.38	
H5-2	Marchandize -> Purchase intention	0.04	0.58	
H6-1	Atompshere -> Private label attitude	-0.06	-0.56	
H6-2	Atompshere -> Purchase intention	-0.16	-1.72	
H7-1	Reputation -> Private label attitude	-0.05	-0.52	
H7-2	Reputation -> Purchase intention	0.181*	2.08	Accepted
H8-1	Service quality -> Private label attitude	0.284**	3.06	Accepted
H8-2	Service quality -> Purchase intention	-0.03	-0.36	
*p< 0.05, **p< 0.01, ***p< 0.001				
		Model fit		
		Chi-squre	386.555	
		df	291	
		GFI	0.926	
		CFI	0.979	
		NFI	0.902	
		RMSEA	0.031	

Model of antecedent of store image on consumer individual perception

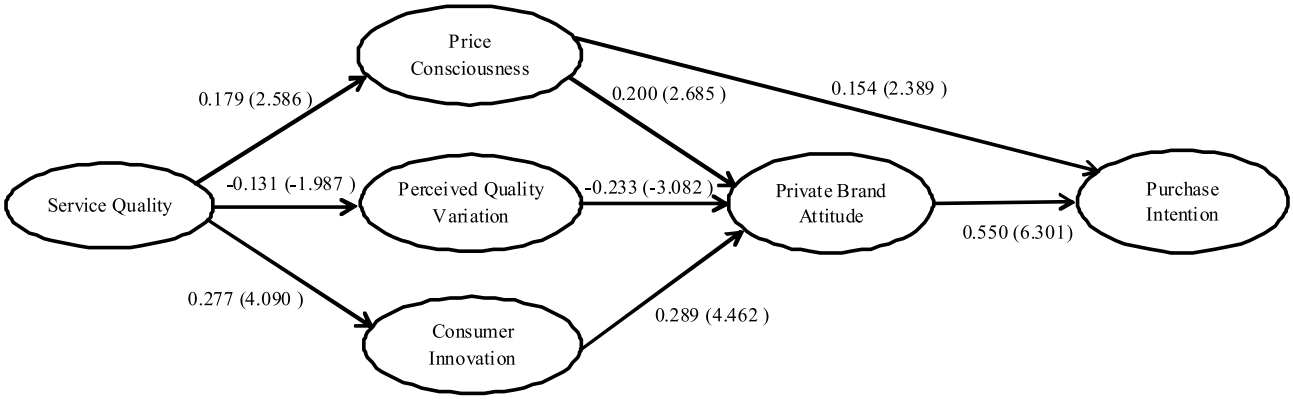
As mentioned above, the model proposed that store image is considered the antecedent of the perceptual

characteristics of the consumer and these characteristics are viewed as the antecedent of private label attitude and purchase intention. The results obtained from the confirmatory factor analysis using Amos 7 are shown in Table 4. The results indicated a good fit of the model to the data (chi-square=454.136, df=305, p=0.001; GFI=0.912, CFI=0.958, NFI=0.884, RMSEA=0.037). All the factor loadings were significant at the 0.001 level. As shown in Table 4, the effect of the perceptual characteristics of the consumer on private label attitude and purchase intention in this model were the same as those of the overall model (Table 3 and Figure1). H9-1 to H9-3 postulated that store image impacts the perceptual characteristics of the consumer. Store image was positively associated with price consciousness (β=0.179, p<0. 01), perceived quality variation (β=-0.131, p<0. 01) and consumer innovativeness (β=0.277, p<0. 01), thus supporting H9-1, H9-2 and H9-3.

Table 4. Hypothesis Test (H9)

		β	t	Results
H9-1	Store image -> Price consciousness	0.179**	2.59	Accepted
H9-2	Store image -> Perceived quality variation	-0.131*	-1.99	Accepted
H9-3	Store image -> Consumer innovativenss	0.277***	4.09	Accepted
H3-1	Price consciousness -> Private label attitude	0.200**	2.69	Accepted
H3-2	Price consciousness -> Puchase intention	0.154*	2.39	Accepted
H4-1	Perceived quality variation -> Pivate label attitude	-0.233**	-3.08	Accepted
H4-2	Perceived quality variation -> Purchase intention	0.10	1.55	
H5-1	Consumer innovativenss -> Private label attidude	0.289***	4.46	Accepted
H5-2	Consumer innovativenss -> Purchase intention	-0.02	-0.35	
H6-1	Private label attitude -> Purchase intention	0.550***	6.30	Accepted
*p< 0.05, **p< 0.01, ***p< 0.001				
		Model fit		
		Chi-squre	454.136***	
		df	305	
		GFI	0.912	
		CFI	0.958	
		NFI	0.884	
		RMSEA	0.037	

Figure 3. Results of the Antecedent of Store Image on the Perceptual Characteristics of the Consumer



Note: Only significant paths were included. The number in parentheses denotes t-value.

3.2.2. Japan Results

The result of Japan did not convergent as the same model with Taiwan's, but it has some characteristic. As Table 2 showed, most mean of variables in Taiwan had bigger than Japan had; price consciousness, perceived quality variation, merchandise, atmosphere, reputation, and purchase intention. Compared to means, standard deviations did not show the same pattern to mean. For instance, merchandise and purchase intention were smaller deviation than Japan had. This result means that Japanese consumers have many varieties of thoughts to private label of convenience stores.

Hypothesis Tests

As we noticed above, Japanese result Rotation failed to converge in specific iterations (default times were 25.). Here we will show regression results. Our structural equitation modelling above was actually multi variate regression, but the modelling could estimate the fitness of overall model.

Table 5. Hypothesis Tests (H1- H8)

		β	t	Results
H1	Private label attitude -> Purchase intention	0.61	20.70	Accepted***
H2-1	Price consciousness -> Private label attitude	0.13	2.76	Accepted**
H2-2	Price consciousness -> Purchase intention	0.13	2.67	Accepted*
H3-1	Perceived quality variatio in -> Private label attitude	-0.06	-1.34	
H3-2	Perceived quality variatio in -> Purchase intention	-0.10	-2.14	Accepted*
H4-1	Consumer innovativenss -> Private label attitude	0.09	2.17	Accepted*
H4-2	Consumer innovativenss -> Purchase intention	0.01	0.12	
H5-1	Marchandize -> Private label attitude	0.08	1.37	
H5-2	Marchandize -> Purchase intention	0.08	1.45	
H6-1	Atompshere -> Private label attitude	0.05	1.13	
H6-2	Atompshere -> Purchase intention	0.09	1.76	Accepted*
H7-1	Reputation -> Private label attitude	0.14	2.56	
H7-2	Reputation -> Purchase intention	0.00	-0.03	
H8-1	Service quality -> Private label attitude	-0.05	-0.89	
H8-2	Service quality -> Purchase intention	-0.03	-0.46	
*p< 0.05, **p< 0.01, ***p< 0.001				
		H1	Hn-1	Hn-2
R^2		0.38	0.06	0.03
df		1	7	7
F		428.59	6.70	3.15

As Table 5 showed, results of regression were not satisfied from Japanese survey. Rather insufficient power of explanations was. Some of hypothesis was accepted, but overall powers of explanations were very weak, R2 s for both Hn-1 and Hn-2 were very low.

However, in detail, price consciousness significantly influenced both private label attitude and purchase intention. Perceived quality variation could influence purchase intention. The higher consumer innovativeness, the higher private label attitude. And atmosphere influenced purchase intention. Only five variables could be accepted from Japanese survey. And since Japanese survey was not accepted by structural equation modelling, it did not have the results of the antecedent of store image on the perceptual characteristics of the consumer, like in figure 3 in this time.

4. DISCUSSION

Investigating the combined impact of consumer-level factors and retailer-level factors on predicting purchase intention of private label products is necessary to some extent of understand consumer behaviour toward private labels. In addition, there is scant literature available on the topic of private labels in Asia. The main objective of this paper was to examine the impact of the perceptual characteristics of the consumer and their store image on their purchase decision toward private labels in a convenience store chain in Taiwan and Japan. By combining these two concepts, this study was able to determine their relative importance, and in addition determined that store image is the antecedent of the perceptual characteristics of the consumer.

All consumer perceived variables were found to have a significant effect on private label attitude. However, only one store image variable, service quality, was associated with private label attitude, and purchase intention rose significantly with price consciousness and reputation. Therefore, the perceptual characteristics of the consumer have a stronger impact on private label attitude than does store image, it has however the same effect on purchase intention as store image.

In particular, both in Taiwan and Japan, price consciousness impacts both private label attitude and purchase intention, as suggested in the literature (Batra and Sinha, 2000; Ailawadi et al., 2001). Consequently, lowering the prices of private labels may build greater consumer acceptance of private labels and improve purchase intention. Private label goods are still price conscious buying behaviour in Japan. Japanese consumer still regarded private label goods as cheaper.

Second, consistent with earlier research (Sethuraman and Cole, 1999), we found that perceived quality variation was negatively related to private label attitude in Taiwan, but not in Japan. Higher perceived quality variation leads to a lower acceptance of the private label. However, perceived quality variation was not associated with purchase intention. This means that perceived quality variation impacts purchase intention by means of the private label attitude.

Third, we found that consumer innovation has an effect on private label attitude both in Taiwan and Japan, as suggested in the literature (Jin and Suh, 2005). This result seems to indicate that a private label is viewed as a new product in the convenience stores, which tend to have only a short history of private labels. However, consumer innovation was not associated with purchase intention. This means that consumer innovation affects purchase intention by means of private label attitude.

Fourth, in terms of store image, service quality had a direct effect on private label attitude, and reputation was positively associated with purchase intention. Prior studies found that store image is viewed as an extrinsic cue that reduces purchase risk and improves the private label attitude and purchase intention (Richardson et al., 1996; Bao et al., 2011). These findings indicate that although service quality affects purchase intention by means of private label attitude, it is reputation that directly impacts purchase intention.

Finally, store image was found to be an antecedent of the perceptual characteristics of the consumer. This is consistent with the literature regarding the impact of a store's image on the perceptual variables of the consumer toward private labels (Bao

et al., 2011). The perceptual characteristics of the consumer regarding private label attitude and purchase intention are established based on a strong store image.

5. IMPLICATIONS AND FUTURE RESEARCH

In this paper, we conducted consumer perception of relationship between private label and store image. This empirical study is important to conventional understanding of private label. Private label has been regarded as cheaper goods than national brand goods were.

Private label, however, must play different role in different country. For instance, private label is no longer regarded as cheaper goods in Japan. Dominant convenience store, now, developed private label with convenience store brand and manufacture's name. This type of private label received good reputation in some generation.

Second, store image is considered an antecedent of the perceptual characteristics of the consumer toward private labels. These findings provide an insight why retailers should adjust their management to transfer their store image to their private label. For example, consumers seek hedonic shopping in department stores, but they seek utilitarian shopping in discount stores. Thus managers of department stores should focus on creating a high quality of store image to enhance the acceptance of their private labels by their customers.

A number of future research ideas arise from the findings of this study. First, this study did not focus on a particular product category. Prior research has found that different product categories have different effects on private label attitude and purchase intention (e.g. Jin and Suh, 2005). Thus, future research could discuss the different impact of different product categories. Second, because different types of retailers develop a different store image, more research is needed to investigate the different types of retailers.

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