PRIVATE LABEL BRANDS (PLBs) FOR ONLINE THIRD-PARTY MARKETPLACE: BUYING INTENTION AMONG MALAYSIAN YOUNG ADULTS

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ABSTRACT

Private label brands (PLBs) or the retailers' brand is not a new retail strategy. However, advancement of technology and the changes in consumers' lifestyle have led to the growth of online retailers such as the third-party marketplace platforms. PLB has become a recent trend among the third-party marketplace platforms such as Lazada, Shoppe, eBay and Taobao to explore the potential of PLBs. However, examination of the online PLBs is lacking. The purpose of this study is to examine Malaysian young adults' purchase intention towards PLBs for online third-party marketplace platforms. Young consumers are found to display different responses and behaviours toward marketing stimuli compared to the other generation cohort, PLB could serve as an effective brand building effort and attraction. Building on the theories of cue utilization, UTAUT2 and self-congruency, this study examines characteristics related to individual, store, PLBs and online platform in influencing consumer attitudes and purchase intention. Purposive sampling technique was adopted, and 385 questionnaires were collected among Malaysian young adults aged between 15-30 years old who are considered as heavy internet users and generated 271 usable responses (70% response rate) via google form/Facebook messenger/email. The Statistical Package for Social Science (SPSS) and Partial Least Square – Structural Equation Modeling (PLS-SEM) 3.0 path modelling via SmartPLS were used for data analysis. Overall, twenty-nine relationships were tested in this study. Twenty were found to be significant, while nine were found not significant. For store and PLB related characteristics: four were found significant with attitude (perceived quality, perceived product similarity, perceived risk and PLB image), while one found do not have significant relationship (store loyalty). For individual related characteristics: frugality, familiarity with PLB, social influence and trust were found significant, while price and brand consciousness as well as consumer innovativeness are not significant with attitude. Performance and effort expectancy were found significant with purchase intention, however hedonic motivation found do not have significant relationship for online platform related characteristics. In addition, for mediation effect, twelve relationships were found significant (perceived quality, perceived product similarity, perceived risk, PLB image, frugality, familiarity with PLB, social influence and trust), and four were found not significant (store loyalty, consumer innovativeness, price and brand consciousness). Self-congruity found

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significantly moderated the relationship between attitude and purchase. In conclusion, the study shows that young adults' attitude and intention can be predicted through the cues that influence them, technology that was useful in their daily activities as well as their consideration towards elements that congruence with their-self. The findings of this study benefit the academic and marketing practitioners by expanding on previous literature about consumer behaviour and help retailers to enhance their sales through target group. Therefore, through this study, the retailers can focus on young adults' preferences towards their brands, products, and services such as quality, similarity, image, familiarity, social influence, and trust as well as performance and effort expectancy for online business activities where these elements play a significant role for consumers to choose PLBs for online third-party marketplace to build a strong attitude and intention to buy.

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ABSTRAK

NIAT MEMBELI DIKALANGAN PENGGUNA MUDA TERHADAP PLB DALAM TALIAN KE ATAS PASARAN PIHAK KETIGA DI MALAYSIA

Jenama label persendirian (PLB) atau jenama peruncit bukanlah strategi runcit baru. Namun, kemajuan teknologi dan perubahan gaya hidup pengguna telah mendorong pertumbuhan peruncit dalam talian seperti pasaran pihak ketiga. PLB telah menjadi trend baru-baru ini di kalangan pasaran pihak ketiga seperti Lazada, Shoppe, eBay dan Taobao untuk meneroka potensi PLB. Walau bagaimanapun, kajian ke atas PLB dalam talian agak kurang. Tujuan kajian ini dijalankan adalah untuk mengkaji niat membeli pengguna muda terhadap PLB dalam talian ke atas pasaran pihak ketiga di Malaysia. Pengguna muda didapati menunjukkan tindak balas dan tingkah laku yang berbeza terhadap rangsangan pemasaran berbanding dengan kumpulan generasi yang lain. Walaupun PLB kurang terkenal di Asia, ia dapat berfungsi sebagai usaha membina jenama yang berkesan dan daya tarik bagi pengguna muda. Berdasarkan teori penggunaan isyarat, UTAUT2 dan kesesuaian diri, kajian ini meneliti ciri-ciri yang berkaitan dengan individu, kedai, PLB dan platform dalam talian dalam mempengaruhi sikap pengguna dan niat membeli. Teknik pensampelan bertujuan digunakan dan 385 soal selidik telah di perolehi/kutip di kalangan pengguna muda Malaysia berusia antara 15-30 tahun yang dianggap sebagai pengguna internet yang ramai menggunakan borang google/mesenger Facebook/e-mel dan menjana 271 respons (70% kadar respons). Pakej Statistik untuk Sains Sosial (SPSS) dan Partial Least Square – Structural Equation Modelling (PLS-SEM) 3.0 melalui SmartPLS telah digunakan untuk menganalisis data. Secara keseluruhan, dua puluh sembilan hubungan telah diuji dalam kajian ini. Dua puluh didapati signifikan, manakala sembilan didapati tidak signifikan. Untuk ciri-ciri berkaitan kedai dan PLB; empat didapati signifikan dengan sikap (persepsi kualiti, persepsi persamaan produk, persepsi risiko dan imej PLB), manakala satu didapati tidak mempunyai hubungan yang signifikan (kesetiaan kedai). Untuk ciri berkaitan individu; berjimat cermat, kelaziman dengan PLB, pengaruh sosial dan kepercayaan didapati signifikan, manakala kesedaran harga dan jenama serta inovasi pengguna tidak signifikan dengan sikap. Prestasi dan jangkaan usaha didapati signifikan dengan niat membeli, namun motivasi hedonik didapati tidak mempunyai hubungan yang signifikan untuk ciri berkaitan platform dalam talian. Di samping itu, untuk kesan pengantaraan, dua belas hubungan didapati signifikan (persepsi kualiti, persepsi persamaan produk, persepsi risiko dan imej PLB, berjimat cermat, kelaziman dengan PLB, pengaruh sosial dan kepercayaan), dan empat didapati tidak signifikan (kesetiaan kedai, inovasi pengguna, kesedaran harga dan jenama). Keselarasan kendiri didapati mempunyai hubungan signifikan diantara sikap dan niat pembelian. Penemuan kajian ini akan memberi manfaat kepada pengamal akademik dan pemasaran dengan mengembangkan literatur mengenai tingkah laku pengguna dan membantu peruncit

untuk meningkatkan jualan mereka melalui kumpulan sasaran. Oleh itu, melalui kajian ini, peruncit boleh memberi tumpuan kepada keutamaan golongan muda terhadap jenama, produk dan perkhidmatan mereka seperti kualiti, persamaan, imej, kebiasaan, pengaruh sosial dan kepercayaan serta prestasi dan jangkaan usaha untuk aktiviti perniagaan dalam talian di mana elemen ini memainkan peranan penting bagi pengguna untuk memilih PLB untuk pasaran pihak ketiga dalam talian bagi membina sikap dan niat yang kukuh untuk membeli.

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LIST OF ABBREVIATION

AVE	-	Average Variance Extracted
CUT	-	Cue Utilization Theory
CMV	-	Common Method Variance
CR	-	Composite Reliability
DOSM	-	Department of Statistics Malaysia
MCMC	-	Malaysia Communication and Multimedia Commission
NB	-	National Brand
PLB	-	Private Label Brand
PLS-SEM	-	Partial Least Square Equation Modelling
RO	-	Research Objectives
RQ	-	Research Questions
SPSS	-	Statistical Package for Social Science
SCT	-	Self-Congruity Theory
UTAUT2	-	Unified Theory of Acceptance and Use of Technology
VAF	-	Variance Accounted For

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter first details the study's background, followed by research gaps and problem statement. The research objectives and questions, significance of study, and scope of study as well as operational definition of terms are presented in the following section. Finally, the thesis's organization is laid out in advance to provide the topic's "big picture."

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1.2 Background of Study

1.2.1 Retailing and Private Label Brands (PLBs)

Retail is an important business activity which equips consumers with a chance to buy goods and services from numerous types of sellers. It involves selling all types of goods and services which is complex and diverse field for example car accessories, medicine, clothing, beauty care products, books, foods, and automobile repair services. Commonly found retail formats are supermarkets, department stores, chain stores, specialty stores, variety stores, franchise stores, mail-order houses, online merchants, and door-to-door salespeople. Retailers are irreplaceable because they are fully responsible for the distribution of products or services to the final consumers (Amit & Kameshvari, 2012).

Retailing experience changes start in the early 1990s especially in the emerging country (Humphrey, 2007). The emerging parts of the world, such as the Asia-Pacific, are attractive markets for many multinational companies because their markets are still in the initial phase for growth (Moharana & Pattanaik, 2017). The entry of huge international retail caused to modernize the retail industry in the emerging countries, through increasing the unit of establishments and introduction of new retail formats (e.g., one stop shopping centres) that enhance consumer shopping experiences (Kaliappan et al., 2009; Miller & Hampwaye, 2008). Local retailers need to strategize to increase store traffic, generate higher revenue, increase gross margins and increase bargaining power with the national brand (NB) manufacturers, boost store loyalty, improve store differentiation, and finally retailers need to perform active store promotions (Baltas, 1997; Richardson et al., 1996; Walsh & Mitchell, 2010). Importantly, retailers have to identify their own set of unique selling propositions and competitive advantages. In general, retailers buy goods from wholesalers and resell them to individual consumers in smaller quantities, it is important for them to keep their consumers and competitors in mind when running their daily business activities (Grewal & Compeau, 1999). To stay competitive, it is crucial for retailers to determine the right merchandise assortment planning, pricing, promotion, in-store merchandise displays, and sourcing of the vendor (Levy et al., 2004).

In competing with NB, multinational retailers such as Tesco, Kroger, Woolworth, and Walmart have introduced brands of their own as a competitive weapon. In fact, these 'own brands' have become fiercely competitive. The multinational retailers start to sell the products of their own brand names, known as private label brands (PLBs), which are mostly sell at affordable prices with minimum quality (Anchor & Kourˇilová, 2009; Lamey et al., 2007). Private label brands are also known as store brands, retailers brands, in-house brands and they are owned by distributors and sold in exclusive stores (Kotler & Armstrong, 2016). It could be manufactured by a certain manufacturer through direct manufacturing, but the products sold use another business name (Valaskova et al., 2018). PLBs are also called home brands or own brands which generally refers to goods that are bought and sold under the retail stores' names, either by using their own name or a brand name created by the retailer for that store (Lin et al., 2018; Sprott & Shimp, 2004). The retailers' come up with several incentive to sell the brands in order to increase margin, consumer choice and strenghthen consumer loyalty (Kumar & Steenkamp, 2007). As PLB are considered as distributor brands, PLBs first appear among

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