



# FACTOR OF CUSTOMER PURCHASE DECISION ON HYPERMARKET PRODUCT BRAND



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The Thesis is submitted in partial fulfilment of the requirements for the awards Bachelor of Technology Management with Honours (Technology Innovation)

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## VERIFICATION

“I hereby declare that I have read through this thesis entitle “Factor of Customer Purchase Decision on Hypermarket Product Brand” and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management (Technology Innovation).

SIGNATURE

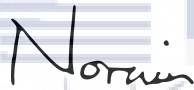


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## DECLARATION

“I hereby declare that this research project is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussion.”

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## DEDICATION

I would like to appreciate the dedication of my beloved families who educated me and motivate me to learn until this level, and also to my friends who give me support and advice throughout the research. Without their blessing and encouragement, this research is impossible to complete within short period of time. Secondly, dedication to all my siblings which have helped me a lot in term of spirit, encouragement and for giving timely advice in all the ways. I express a deep sense of gratitude to my lecturer whom also my supervisor for this Final Year Project, Madam Adilah Binti Mohd Din.



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## ABSTRACT

Product brands refer to the individual products of a company and are the foundation of its brand world and the process of creating a new identity for a stand-alone product. Hypermarkets primarily market their private-label products in the convenience goods category. Purchasing is about the decision to make a choice; now, they have various options to choose from. Brand, product features, and design are only a few considerations consumers need to address when purchasing a product brand. Consumers make their purchasing decisions based on a wide range of characteristics. As a result, all of these purchases are represented by a diverse set of factors from which customers decide to buy hypermarket product brands. The aim of this study was to determine the factors that affect the customer purchase decision on hypermarket product brand at Melaka, Malaysia. The purpose of this study is to understand the factors that influence customer purchase decision towards a hypermarket product brand, the chosen store image, customer loyalty, sales promotion, and quality product which has the higher impact towards customer purchase decisions towards the hypermarket brand. The survey data is collected in Melaka via spreading questionnaires and the data will be analysed by applying Statistical package for social science (SPSS) with descriptive analysis, reliability analysis, correlation analysis, and multi-regression analysis. The result shows that there are four independent variables such as store image, customer loyalty, sales promotion and quality product factors have a significant relationship towards customer decision towards the hypermarket product brand.

**Keywords:** *hypermarket product brand, store image, customer loyalty, sales promotion, quality product, customer purchase decision.*

## ABSTRAK

Jenama produk merujuk kepada produk individu syarikat dan merupakan asas kepada dunia jenamanya dan proses mencipta identiti baharu untuk produk yang berdiri sendiri. Pasar raya besar terutamanya memasarkan produk label persendirian mereka dalam kategori barangan kemudahan. Pembelian adalah mengenai keputusan untuk membuat pilihan; kini, mereka mempunyai pelbagai pilihan untuk dipilih. Jenama, ciri produk dan reka bentuk hanyalah beberapa pertimbangan yang perlu ditangani oleh pengguna apabila membeli jenama produk. Pengguna membuat keputusan pembelian mereka berdasarkan pelbagai ciri. Akibatnya, semua pembelian ini diwakili oleh set pelbagai faktor dari mana pelanggan memutuskan untuk membeli jenama produk pasar raya besar. Kajian ini bertujuan untuk mengetahui faktor-faktor yang mempengaruhi keputusan pembelian pelanggan terhadap jenama produk hypermarket di Melaka, Malaysia. Tujuan kajian ini adalah untuk memahami faktor-faktor yang mempengaruhi keputusan pembelian pelanggan terhadap jenama produk hypermarket, kualiti produk yang dipilih, imej kedai, kesetiaan pelanggan, dan promosi jualan yang mempunyai kesan yang lebih tinggi terhadap keputusan pembelian pelanggan terhadap jenama hypermarket. Data tinjauan dikumpul di Melaka melalui penyebaran soal selidik dan data akan dianalisis dengan menggunakan perisian Statistical package for social science (SPSS) dengan analisis deskriptif, analisis kebolehpercayaan, analisis korelasi dan analisis regresi berbilang. Hasil kajian menunjukkan terdapat empat pembolehubah tidak bersandar seperti kualiti produk, imej kedai, kesetiaan pelanggan dan faktor promosi jualan mempunyai hubungan yang signifikan terhadap keputusan pelanggan terhadap jenama produk hypermarket.

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**Kata kunci:** jenama produk hypermarket, imej kedai, kesetiaan pelanggan, kualiti produk, promosi jualan, keputusan pembelian pelanggan.

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## LIST OF ABBREVIATIONS AND SYMBOLS

SI	=	Store Image
CL	=	Customer Loyalty
SL	=	Sales Promotions
QP	=	Quality Product
Y	=	Purchase Decision
IV	=	Independent Variable
DV	=	Dependent Variable
H <sub>0</sub>	=	Null Hypothesis
H <sub>1</sub>	=	Alternative Hypothesis
$\alpha$	=	Alpha



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# CHAPTER 1

## INTRODUCTION

### 1.1 Research Background

There are many opinions on the meaning of customers, and consumers are not equivalent. There is a view that customer and consumer meanings are not equal. A customer is a buyer and a person who wants to buy goods or services. Customers can become a business entity by purchasing goods for resale purposes. Customers buy a product or service to use it.

Meanwhile, Consumers are the end users of a good or service but do not buy it. Consumers also cannot resell any products or services that have been used and have a great demand in the business. Customer purchase intent for the product brand is the focus of this study. In addition, this study is also to examine the relationship between the factor of customer purchase decisions on hypermarket product brands.

In Malaysia, the hypermarket industry has made a significant move to establish a modern retail concept (Hassan, Mahdee, Sade, & Rahman, 2019). The Department of Statistics Malaysia (2017) has shown that the central region has the highest distribution in hypermarket branches, serving as a significant hypermarket player compared to the other areas. Many young people have migrated to improve their standard of living in other provinces to the central regions. As a result, the population concentration has been estimated to be more stable if there are more hypermarkets in specific locations to improve living standards by creating employment opportunities. According to the researcher, hypermarkets have high efficiency in being a hub to gain more profit for the people for subsistence (Hassan, 2017). However, the population of hypermarkets could be more consistent, which depends on the distribution ratio of hypermarket stores. According to Hassan, Rahman, and Sade (2019), A hypermarket is an up-to-date supermarket that offers products and services for a comprehensive range of consumer needs. As the retail momentum has grown, the retail landscape has changed from a traditional idea to a more modern one. Therefore, there are more opportunities for the southern provinces and other provinces except for the central areas, as they are developing their retail store. The dumping of locally made products on the market should not be disputed. In addition to the various readily available brands, consumers are also accustomed to seeing product labels that are the identity of the place that sells products. Another meaning of product brand can be called a House brand or private label, or own brand, issued by hypermarkets to give consumers the option to get goods at affordable prices.

A Brand is the image of a particular product in a customer's mind. It has a specific entity, which includes the company logo, symbol, or name used to differentiate product brands. The hypermarket effect gives consumers various choices for a reasonable and affordable price. For example, a local halal



product retail chain such as Mydin Hypermarket. They market the product with their brands according to sustainability products approved by halal JAKIM. Mydin chose to create its brand that wanted to help SMEs and wished to supply products in large quantities. Own brand products help consumers, significantly the B40 and M40, reduce expenses, and help sellers buy at wholesale prices.

Consumer choice is critical in deciding to buy or choose a particular hypermarket to influence other consumers, according to Aaker's (2017) view. Hypermarkets have played an essential role in serving food since their inception. Businesses and customers are passionate about this distribution model due to the food supply offering a variety of food and household products, which are organized into aisles and provide good service in terms of the layout of goods on the shelves by type. The hypermarket is enormous and has a broader selection than previous retail stores. If you want to compare with other business formats, consumers place a higher value on the supermarket because it has a variety of options and facilities available in addition to the convenience that is preferred causing the conventional market to fade. Every consumer has different needs and wants, and all these needs and wants need to be met by them for basic survival. Hierarchy of human needs if one's basic needs are met, then higher requirements and wants will emerge. In this context, food is the primary source of human needs, and where hypermarket needs to make various improvements and fix all the shortcomings in being the consumer's choice. It is vital to know the consumer buying decision process.

Before, during, and after a consumer makes a purchase in the market in exchange for money, they go through what is known as the consumer buying decision process (Lumen, n.d.). It aids the merchant or marketer in moving more of their wares. A marketer's chances of making a sale increase if they have a firm grasp on how customers think and feel when they make decisions about purchasing a product. Problem identification, information gathering, alternative assessment, final choice, and post-purchase behaviour are the five phases that make up the consumer buying decision process. Consumers' pre-purchase considerations are revealed. The buyer is allowed to participate in all five phases of the buying decision. Assumptions made by the consumer are essential (Kotler et al. 2017, p. 155.). When compared to other people, everyone's mind is obviously different. Take the example of someone who always buys the same milk brand whenever they run out. As a result, there is a higher chance of neglecting information and valuation when compared to items with a high level of participation.

Hypermarkets close to where consumers live will be the leading choice for buying goods and other products used daily. The nearby hypermarket makes them happy with it because it is easy to go to. This is no longer the case. There has been massive growth in the retail industry, from small department stores to large hypermarkets. Nowadays, every hypermarket tries to attract customers by striving to meet the needs of customers by providing a variety of suitable products for its customers and making it easier for customers to make buying decisions (Krishnakumar et al., 2018). One primary reason is that hypermarkets have many competitors as supermarkets. Any hypermarket must ensure that they have an

advantage over other competitors. Consumers are prepared to spend a higher price for products or supermarkets that exceed their expectations in terms of the enjoyment they bring, and users are always looking for something more than what is typically available to them.

There are various advantages to branding for both marketers and customers. Brands, on the other hand, aid customers in determining which items they enjoy and which they don't. As a result, customers can buy products that meet their demands more quickly and easily. Whether there were no brands, buyers would have no way of knowing if they were getting the goods they wanted. Instead of hindering the organization's interests, branding is a boon to the marketing department. Consequently, consumers are more likely to make further purchases (Pride & Ferrell 2018). As a result, branding is beneficial to all parties engaged in the process.

In this modern age, different strategies use various methods to improve the quality of their products and brand to become the choice of consumers. This is because the merchandising process has encompassed the study of the consumer mind and business that seeks to know all their psychology, such as tastes, needs, habits, and consumer thinking in making decisions. Especially in a lot of fierce competition, using tools like merchandising to gain an advantage to do promotions over other competitors is a great concept. This issue has created a whole series of promotion-related theories. This theory's basis is a marketing mix's promotion component, with a focus on POS (point of sale) retailing a supermarket product brand. This is a tactic used to conduct surveys online. However, there is a possibility other method to be discovered during the data collection process and needs to consider by the report for analysis and review.

## 1.2 Problem Statement

Many developments have been made by supermarket retail in Malaysia by producing its own brand of products. This is because most of the major products sold in supermarkets are groceries and basic necessities that customers need, according to the views of Hassan and Verhetsel (2017) on consumer purchasing decisions, who found that people prefer to go to supermarkets to buy basic necessities, especially fresh goods like milk, meat, and other groceries. There are various variations of products in supermarkets that offer different qualities and prices, thus making the supermarket the most attractive place to shop, especially for buying retail products. This causes large supermarkets to produce their own brand products as Bumiputera products. This study also identifies the factors of customer acceptance of Bumiputera products.

In Malaysia, there are five major supermarket players: Aeon Big, Econsave, Giant, Mydin, and Tesco (Hassan et al., 2018). Malaysia is also a developing country, with many opportunities to expand supermarket retail operations internationally, especially in neighbouring countries. The existence of supermarket outlets in specific locations can change the overall socioeconomic level of particular places

because of employment opportunities and can improve local people's living standards (Hassan et al., 2015). This is because most Malaysians are more likely to shop at modern retail centres that have become part of their everyday lifestyle.

A product brand is a firm's identity in marketing its products. This is because customers have their own views and opinions, especially regarding the quality and price of a product. Customers also have diverse tastes in choosing local or global developments. Some consumers in Malaysia prefer to use global brand products as they may be of higher quality compared to local brands. However, this does not mean local brands cannot attract consumers to buy branded products from hypermarkets in Malaysia.

Through this study, researchers are aware of the importance of hypermarket branded products that are local products to be the choice of consumers in making purchasing decisions. Researchers can also reveal whether the quality and price of a product can influence a customer's purchase decision against a product brand from a hypermarket. Through the discovery of consumer perceptions of product brand quality and price can influence consumer purchasing decisions, local Hypermarkets can plan good strategies to increase awareness of their own brand. In addition, hypermarkets can also find out whether the source of their product is good or not, attracting customers. This is because Hypermarkets may have many challenges competing with other brands that are often the consumer's choice in purchasing decisions. Hypermarkets can adjust the quality and price of their product brands to meet the needs and want of customers.

This research was finding a customer has difficulty making decisions to choose store. Consumers today are very demanding, and their shopping habits change over time because of the wide range and depth of product offerings. Consumers are more prefer hypermarkets to buy groceries and household items. Customers also need help selecting from many stores, such as grocery stores, supermarkets, discount stores, large megastores, and hypermarkets. (Lu, M. H., Sha'ari,2021). Next, difficulty in making a Purchase decision. There has been a significant amount of study conducted on evaluating the purchase decisions made by customers across various business sectors; however, there needs to be a consensus about the elements that influence customers' purchasing decisions. Many consumers' preferences are created by combining prior purchase history, marketing initiatives, and non-commercial information sources. (Jalal Rajeh Hanaysha 2019).

Customers tend to have a negative view of the quality of brands at hypermarkets. The most excellent quality at the lowest possible price is what consumers are looking for. The corporation has a significant problem here. Major hypermarkets manufacture their own brands of products and increase the quality of hypermarket product brands. Thus, these concerns warrant investigation. Mican, David, and David A. Sitar-Taut (2020). A further issue is its approach to promoting its items often needs to be better planned. The promotion of quality and sales is a significant problem for hypermarkets. However, the production price is based on some elements that all contribute to the quality of the final product. The

most important consideration for every business's marketing effort is the sort of goods and services they want consumers to buy. (Sudaryanto, N. ARI SUBAGIO and A. Hanim).

This study was to better comprehend shoppers' decision-making processes. It's important to research because so many businesses now operate in fiercely competitive arenas and because those arenas are constantly shifting to accommodate the ever-evolving needs of their customers (Euromonitor International, 2017; Hassan & Rahman, 2019). Since consumers are the market's principal income source, businesses must exercise heightened caution and concern while dealing with them. The elements influencing shoppers' decisions to buy items and services in hypermarkets are essential to examine since they reveal consumers' brand preferences. Since only a tiny fraction of major hypermarkets manufacture their own product brands and upgrade the quality of hypermarket product brands, there are lessons to be learned. In fact, it is interesting to see the high demand for Bumiputera items among supermarket labels.



### **1.3 Research Questions**

This study already answers the following questions:

- i) What are the factors that influence customer purchase decisions at hypermarkets?
- ii) What is the relationship between the factor of customer purchase decision on hypermarket product brands?
- iii) What are the most significant factors of customer purchase decisions on hypermarket product brands?

### **1.4 Research Objective**

The research objective of this study is:

- i) To determine the factors that affect customer purchase decisions at the hypermarket
- ii) To examine the relationship between the factor of customer purchase decisions on hypermarket product brands.
- iii) To investigate the significant factors of customer purchase decisions on hypermarket product brands

### **1.5 Scope of Study**

This study is conducted to identify the factors of customer purchasing decisions on hypermarket product brands in Malaysia. The research will be conducted internally through selected locations and involve local hypermarket organizations. Several hypermarkets in Malaysia will be randomly selected using simple random sampling to contribute to this questionnaire session. Questionnaires will be conducted online to shoppers in hypermarkets through google form online surveys. By completing this research, the relationship between factors of customer purchase decisions and hypermarket product brands can be explored comprehensively.

The limitation of this research would be the location. This research is only completed on Hypermarkets in Melaka, Malaysia, which may not represent the total number of customers in Malaysia. Therefore, future research will identify the factors that affect customer purchase decisions on hypermarket product brands. Furthermore, there are time constraints that are a limitation of this study. The researcher needed to be given more time to complete the survey and collect data. This research is also limited by the need for more information because there are only a few studies conducted by other parties on hypermarket product brands and the difficulty of getting respondents who use the brand from hypermarkets.

## 1.6 Significant of the study

A customer is a buyer of goods or services in any place. Consumers' purchasing power is influenced by needs, intentions, and factors influencing their purchasing decisions. However, there are only a few studies related to customer purchase decisions on hypermarket brand products. Therefore, this study is conducted on more depth related issues and can provide a clear understanding to marketers to know the factors of customer purchase decisions on hypermarket product brands. As a result, the way hypermarkets manage retail operations should be based on customer decisions.

In addition, this study also helps marketers better understand the potential purchasing tendencies of hypermarket brands of products and services to customers. It is also valuable for developing hypermarket players in Malaysia to increase the country's overall economy and income and sustain the industry.

## 1.7 Summary

This chapter provides a view of the overall study of the factors that can lead to customer purchasing decisions in hypermarkets. The next chapter will discuss hypermarket product brands and develop a proposed conceptual framework that describes the relationship between product brands and customer purchasing decisions in hypermarkets. All the results of previous studies have been prepared and explained in the next chapter.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter provides an overview of the previous study that is relevant to hypermarket product brands. In this chapter, it will have the more explanation about factor of customer purchase decision on consumer perception such as store image, customer loyalty, sales promotion and quality product related to hypermarket product brand. In this research, the theoretical guidelines of reference journals, past research, and other published material are used as references to support the study research. This chapter also explained theoretical framework between factor customer purchase decision and hypermarket brand.

#### 2.2 Product Brands

A product's "brand" is the term given by a company to its own brand of goods. Many different components may be used to create a visual representation. The goal is to identify a seller's, a group of sellers', or sales and marketing groups' items and services. It is distinct from its rivals' offerings. Gholamreza (2011) The most enduring characteristics of a brand are its value, culture, and personality. In its most basic form, a brand is a representation of the enduring commitment of the seller to the characteristics, interests, and services that are supplied to the consumer. After extensive development, a company's brand serves as its central figure. A product's label at a hypermarket has to visually convey the product's emotional value to customers. A company's brand name is a formidable weapon in the ongoing struggle for market dominance. Brand four degrees are a criterion for evaluating the strength of a brand's recognition, recognition, reputation, and loyalty. Brand loyalty in the food sector will be the topic of this research. Brand licensing and the ability to effectively launch new products under a firm brand name and valuable brand are critical aspects of a string of successful brands. By enabling the marketer to access specific target audiences with product variants that best meet their demands and satisfy their brand loyalty, a strong brand may also be utilized as a segmentation criterion in the market. Distinct chocolate brands, for example, may address various customer groups, such as youngsters, diabetics, or others with special requirements.

This strategy might substantially impact the market share or distribution of manufacturers. When a brand is strong and valuable, the umbrella branding strategy may assist in expanding the product line marketed under the brand and launching a new product under a well-known brand name. Prior knowledge of the brand and a good attitude toward the brand serves as the impetus in this situation. The



owner's costs for introducing a new product are often cheaper in this circumstance than in a new brand introduction scenario. It is essential to keep an eye on the marketing effect of licensing since the licensee's loose usage of the brand may negatively influence the brand's value and position. Consequently, a hypermarket brand is likely to be weakened or lost altogether. An advantage in the marketplace when a hypermarket has significant brand equity, it is less vulnerable to numerous crises and can weather the storms of life. Why? Because customers are more likely to remain loyal to a well-known and trusted brand even when quality issues or product failures occur.

### 2.3 Customer Purchase Decision Process

Stankevich (2017) says customer behavior has always been a hot issue. This process is because corporations may enhance their marketing efforts by understanding how and why customers behave in the manner they do. As a result, today's marketers confront a significant challenge: persuading people to buy their goods and services (Stankevich, 2017). Among other things, Stankevich (2017) points out that marketing aims to connect with customers at the most crucial points in their decision-making process. Customers are receptive to being persuaded. So-called "moments of significance." For many years, many people have thought of the "moments that matter" in terms of "funnel" metaphors. There are several brands that consumers consider before making a decision. As a customer process must follow the funnel, marketing initiatives serve to narrow the range of brand alternatives available to them. As Stankevich (2017) explains, they only have the one brand they purchased after the process. The decision-making model developed by Engel, Kollat, and Blackwell (EKB) is based on the same idea and is further discussed in this chapter.



(Source: Kotler & Keller, 2012)

Figure 1.1 Five-stage model of the consumer decision making process