Investigation of the Roles of Advertising Tools of the Product Label and Test, in the Purchase Intention a New Product

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ABSTRACT

Purpose – The purpose of this paper is to investigate the roles of advertising tools of the product label and test, in the purchase intention of a new product.

Design/methodology/approach – This study uses a 2 x 2 factorial design with 200 participants and linear regression method to test hypotheses.

Findings – Results show that the variables of customer satisfaction and perceived risk and knowledge (as independent variable) have a significant effect on purchase intention. Mean product label and test strategies have important roles in the purchase intention of a new product, but the findings of this study have shown more importance of product test tool (support H1, in four groups) than product label (not support H2) in the introduction of a new product of FMCG food.

Research limitations/implications – Future studies should use different products/brands among a wider range of consumers. Both product risk and consumer knowledge are multidimensional constructs, thus it will be interesting for future studies to manipulate different facets of those constructs (e.g. financial risk, procedural knowledge).

Practical implications – Those findings imply that companies can more invest of product testing promotional tool as customer satisfaction for introduce new products.

Originality/value – This is one of survey-empirical studies on real customers and is an attempt to evaluate the strategies of risk reduction of a new product in the FMCG.

KEYWORDS: advertising tools, Product label, Product Test.

INTRODUCTION

In today's modern world, rapid growth of technology and the competition in the market, survival in the market, overtaking competitors, increasing population and needs diverse of the factors that encourages companies to produce new products. (AbdulQader, 2008)

Firms believe that the continual introduction of new products is an important aspect of their business and will help attract more demand and maintain a competitive position in a market (Cooper and Kleinschmidt, 1987; Griffin and Page, 1996; Lundvall and Christensen, 2004). In order to create new markets and to alter the value dynamics in a competitive market, firms need to develop new products rather than radical or incremental products. Really new products are new products that result in market discontinuity or a technological discontinuity but do not require significant training in order to use them and extract their value. Really new products provide an increased opportunity for a stronger competitive position relative to more incremental innovations. Empirical research suggests one issue that still remains important in understanding the success of new products is the adoption and diffusion of product innovations, and the factors which influence adoption (Hauser et al., 2006). However, not all well-developed products succeed in the market with success rates over the past 25 years variously stated between 40% and 90% (Gourville, 2006). Even the world’s most admired companies are reporting that their products do not achieve the desired financial targets with failure rate of as much as 50% or more (Schnurr, 2005).

According to important product of the new products should be made to inform the customer. Customer awareness of the new product might used in the different ways according to the nature of the product (consumer-industrial) on some of the methods more emphasis.

In this study, using of previous studies and foods risk reduction strategies of Yeung and Morris (2001), ultimately were used of the product label strategies the name and value of each product and product testing strategy in order to customer's doubts reduction in the product shopping. Important of product labelling tool to assess the impact of two variables of the risk and knowledge (as manipulated variables) and the Important of product testing tool, were evaluate to assess the impact of variables of customer satisfaction (as independent variables) in the willingness to buy.

Product risk and Knowledge has several facets and dimensions (Alba and Hutchinson, 1987). Perceived risk can be evaluated both pre- and post-purchase (Grewal et al., 2007). But in this study we product risks in high/low situation, focusing only on the one most important aspects: quality and knowledge in up/down situation focuses more on declarative and general knowledge about a new product. Also perceived certainty measured so that each evaluation on a multi-item scale of satisfaction.

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Existing research value has examined role risk reduction strategies of a new product on real consumers (use of survey-empirical method). Most of the empirical research focuses on students of the bottom of the age. However, studies that investigate only students with down age may have limited values compared to studies done on real consumers. The reason is that studies done with survey-empirical method would give us a better and deeper understanding of the effects of risk reduction strategies of a new product in the FMCG on consumer purchase behaviour. Hence, we empirically examine roles of advertising tools of the Product label and Test, in the Purchase Intention a New Product data collected from stores one of Iran cities (Amol city).

Theoretical framework

Customer Satisfaction- Purchase Intention

Consumer satisfaction has been conceptualised as both affective (e.g. emotional) and cognitive responses (Westbrook and Oliver, 1991). In this study, satisfaction is defined as the positive feelings as a consequence of the fulfillment of an individual’s expectation about a product in a specific transaction (Johnson et al., 1996). Intention refers to a subjective probability for an individual to engage in certain behaviour. The same concept extends to purchase intentions and consumers’ willingness to come up with purchase behaviour (Fishbein and Ajzen, 1975). Purchase intention as the possibility of consumers’ willingness to purchase a specific product (Dodds et al. 1991). Purchase intentions are the possibility of a consumer buying something or the degree to which he/she makes a recommendation of a product (Shamdasani, 2001). Hsu (1990) proposed that purchase intention refers to certain transactional behaviors that occur after the consumers’ make a general product evaluation and an emotional reaction reflecting their attitude towards an object. When consumers hold positive feelings for an advertisement and a product, their purchase intention will be strengthened (Lin, 2011). Purchase intention to be the decision-making process consumer's exhibit in their request for information, purchase, evaluation, use, and disposal of a product or service to meet their demands (Schiffman and Kanuk, 2007). Blackwell et al. (2006) perceived purchase intention as people’s direct participation in obtaining and using economic goods, including various decision-making procedures before purchase (Lin, 2011).

A positive association between satisfaction and purchase intention is well established in the literature (Kassim and Abdullah, 2010; Johnson et al., 2006; Mazursky and Geva, 1989; Szymanski and Henard, 2001; Walsh et al., 2008).

Thus, the following hypothesis is suggested:

$H_1$: with increases customer Satisfaction, increased purchase intention.

Perceived risk

The concept of risk is one of the main propositions in the study of consumer behaviour (Conchar, et. al, 2007). However, studying risk as one of the leading thoughts in consumer theory emerged in 1960’s in the field of marketing (Dowling and Staelin, 1994). Risk is being said as a multidimensional construct (Yuksel and Yuksel, 2007). Although risk is being conceptualized differently in different field of studies; in the marketing literature it is being conceptualized as involving two distinct elements; as uncertainty and consequences (Conchar, et. al, 2007). In modern consumer studies perceived risk has been used frequently as an explanatory variable (Dowling and Staelin, 1994). It is worthy to mention that there is no widely accepted definition of perceived risk in the literatures of consumer behaviour; researcher defines perceived risk as per the situation and context of the research (Conchar, et. al, 2007). However, in many cases consumer researchers defines perceived risk as risk in terms of the consumer’s perceptions of the uncertainty and adverse consequences of buying a product or a service; consequently it is being assumed that the probability and the outcome of each purchase events are uncertain (Dowling and Staelin, 1994). Hence, two dimensions of perceived risk have been identified, as such uncertainty and Negative consequences (Yuksel and Yuksel, 2007). different types of perceived risk have been identified in acquisition and consumption of products that includes, functional (the product does not perform as expected), financial (losing or wasting income), performance (does not meet the need / the product does not meet the standards of the quality), physical (personal illness or injury), psychological (damages of self-esteem or endangers guilt) and social (unfashionable or lower status) (McCarthy and Henson, 2005; Yuksel and Yuksel, 2007), which decreases the predictive power of satisfaction with regard to purchase intention (Chandrashekar et al., 2007).

Based on these discussions, the related hypothesis to this will be:

$H_2$: with increases perceived risk of product (high risk situation) decreased purchase intention.

$H_3$: with increases perceived risk of product (low risk situation) increased purchase intention.

Consumer knowledge

In explaining consumer behaviour consumer knowledge is one of the main constructs (Klerck and Sweeney, 2007). Empirical researches found two different categories of knowledge as such subjective knowledge and objective knowledge. Subjective knowledge can be defined as “person’s perception of the amount of information about a product class stored in his or her memory” while objective knowledge is defined as “pertains to the actual amount of accurate information stored in his or her memory” (Klerck and Sweeney, 2007; Chiou, 1998). Although these two categories are related each other, their difference are significant because of two aspects. Firstly, subjective knowledge can be over or under estimated. Secondly, subjective knowledge can be thought as including in the person’s degree of confidence in his/her knowledge. On the other hand objective knowledge only refers only to the actual level of knowledge of the person (Chiou, 1998). Studies suggests that the negative perceptions about food items originate from beyond the
individual’s experiences; while the positive perceptions closely related to the individual’s daily life experiences. Negative feelings are constructed on the basis of the individual's knowledge of the issue (e.g. Genetically Modified Foods). In case of Genetically modified food (GM food); and other food items it is proven that if the consumer has more correct knowledge about the food item they will perceive few risk (Chen and Li, 2007). Consumers with various levels of product knowledge differ in their perceptions of a product (Laroche et al., 2003; Baker et al., 2002; Blair and Innis, 1996). Consumers that have highly relevant knowledge express a higher consistency between their attitudes and behaviours relative to those that have low relevant knowledge (Fabrigar et al, 2006). Based on these discussions, The related hypothesis to this will be:

\[ H_{3k}: \text{with increases customer knowledge of product (up knowledge situation) increased purchase intention.} \]

\[ H_{3g}: \text{with decreases customer knowledge of product (down knowledge situation) decreased purchase intention.} \]

**RESEARCH METHODOLOGY**

**Product Type**

Selection of new product was one of the main concerns of this study.

With exploitation of the previous studies, lead selection of new product toward nutrition in this investigation. In other hands; we try to choose product that possibility of testing and buying by public people. By review several of food companies, Finally, we chose the kalleh company for these reason: more variety, be more risk-taking and accessible researcher. Pay attention the dairy products of kalleh dairy processes distribution and Production Company that is biggest manufacturers and distributors of dairy products in all over the world among the products of this company. Eventually, among dairy products selected, we choose the cheese group, with regard to more variety of new productions in this group and with review new cheese group that for instance of them are consist of: parmsan Cheese - cauda Cheese – Asrom Cheese - kababi cheese – Bluchiz cheese - Kmnbrt cheese - mozzarella cheese - Prato cheese, salami cheese, tomatoes koark cheese - Maskarpunch cheese - tomato cream cheese, and chili cream cheese – vegetables cheese and Pinka cheese. Randomly, we chose Pinka cheese product. This cheese provide in different packages and presenting some of domestic big store and we choose export sample from it with slightly difference from domestic sample for acquire complete confidence from new and unfamiliar products for people.

3-2. participants and procedures

Sampling based on similar studies is a method of determining the sample volume (Mirzaee, 2010). In this study with exploitation previous study, were determined 200 samples. According to judgmental sampling, Amol city is study population. The number of all groceries have license was equal to 1448, with determination all of main points in city and according to received list from Amol dairy and grocery syndicate. By surveying this list, 825 numbers of groceries were inside the city and 623 numbers were other points (villages). Amol city according to geography included of four main streets that choose the stores that choose the stores in these four streets were based on randomly sampling with appropriate classifying with volume. Total of 10 stores chose based on simple random from these four streets. Respectively, Imam Reza Street advocated four stores with highest frequency percentage (45%) and Taleb Amoli street with 27% Frequency three stores and Haraz Street, with 17% frequency two stores and 7shahrivar Street with 11% frequency one stores for studying. Forth is purpose, researcher shared with Manager of stores about research work. In some cases, because there are some of problems such as opposition some of shop owners or gathered several stores in one place and something like that, researcher decision making that other choose replace her/his main choice. Thus, in out of alternative stores have been investigated every person with regard to her/his purchases that had opportunity to participate and ask question. At first, the participants (as suggested scenarios) describes that completely new product and think it is a product company (brand were not considered). To each participants with a study of a randomly scenario was provided to answer questions related to risk and knowledge and then with product test to her/determined satisfaction, Purchase Intention. In this study, have been distributed 200 questionnaires that in each store 20 questionnaires with different scenarios.

**Questionnaire and measures**

The questionnaire used in this research was designed with reference.

The questionnaire was divided into four sections. The first section consists of scenarios and the second part consists of questions related to variables of customer knowledge of the product and the perceived risk in terms of a five-options Likert scale, third part of the product Test (including questions regarding to variables customers satisfaction, purchase intention in terms of semantic differential scale) and the fourth part of the demographic data. From information the product label were used to describe variables customer knowledge of the product (up / down) and perceived risk (low / high) in four scenarios. An amount of information was operationalized 15 items in the product description, while down amounts included only 5 pieces of information. Perceived risk described in high risk / low by having / not having quality certification.

Variables, customer satisfaction, purchase intentions were measured in the next phase of testing the product. Thus, After the questionnaire was completed in four cases (Knowledge: up – down risk: low and high). Prior to general administration of the survey, the researchers undertook a pilot study on a convenience sample of stores customers in Amol city (n = 30). As a result of the study minor modifications to final questionnaire and wording of some items was
undertaken. Result of the pre-test yielded a purchase intentions variable Cronbach’s 0.93; Customer knowledge Cronbach’s 0.88; perceived risks variable Cronbach’s 0.81; and customer satisfaction variable Cronbach’s 0.94. The total Cronbach’s 0.89 indicated a high level of consistency in this research. Thus, the criterion of reliability is measured by Cronbach’s a coefficient, when 0.70 represents with high reliability of the questionnaire scale and 0.60 means the reliability is acceptable (Cuieford, 1965).

ANALYTICAL RESULTS

Description of sampling/ Participants
The participants in the study were recruited from customers of store.

Of the 200 respondents, 55% are women and 45% men and 5.5% are in the less age of 20, 33.5% are in the age of 21–30 and 33.5% are in the age of 31–40 and 27.5% are in the high age of 41. Twenty percent are working in Public section and, 18.5% are working in Private section and other 61.5% are jobless, student, home maker or retired. Seventy-nine percent of the respondents earn less than 10,000,000 Rial per month, 10.5% earn between 10,000,010 Rial and 15,000,000 Rial, 5% earn between 15,000,010 Rial and 20,000,000 Rial, and 5.5% earn more than 20,000,010 Rial. 22.5% have a Under diploma education, 24% have a education diploma, 12.5% have Associate of Arts degree, 33% have a bachelor degree, 7.5% have master degree and 0.5% have Doctorate degree. Eighty-two percent of respondents are married.

Testing the hypotheses

Then, after extracting data from the questionnaires, test the hypotheses were examined with spss 19 statistical software. According to the hypothesis linear relationship was used of simple linear regression approach to confirm the hypothesis.

Table II show summarises the of hypotheses test results.

The results of the regression analysis of the H1 are shown that satisfaction has a significant positive main effect on purchase intention (r =75.2, R² = 56. 5, sig = 0.000< 0.05), thereby H1 is supported,

H2 suggested that Low-Risk increases purchase intention,

regression of 0/9 for consumers in high-Risk conditions and(H2a) the regression of 5.7 for consumers in down-knowledge conditions (H2b) show that the respondents in the low-risk condition reported their purchase intentions to be significantly higher relative to the respondents in the high-risk condition (r low-risk = 5.7 vs r high-risk= 0.9). These results mean that H2 is supported.

H3 suggested that up knowledge increases purchase intention,

regression of 44/2 for consumers in high-knowledge conditions (H3a) and the regression of 7 for consumers in down-knowledge conditions (H3b) show that the respondents in the high-knowledge condition reported their purchase intentions as significantly higher relative to the respondents in the low-knowledge condition (r low-knowledge = 7 vs r high-knowledge = 44/2) , sig = < 0.05). Thus, H3b is supported.

DISCUSSIONS AND IMPLICATIONS

One of the challenges of marketing researchers and manufacturers of new products FMCG is that:

How much data (up and down) and low and high risk products (from decreased taste and ....... ) can be considered customers in the selection of a new product with regarded to great variety FMCG products (dairy group – cheese category) with presentation new product? and also how much is effective the testing of product for making satisfaction of customers and buying of the new product?

Thus, this study examined 200 customers store Amol city, in applying these tools to the product label and product testing for New Product Introduction (Pinka cheese) has been evaluated.

The importance of product testing tool in during of the first hypothesis and importance of product label tool in during of the second and third hypothesis on purchase intention of a new product has been studied.

The result of first hypothesis, highlight that customer satisfaction significantly influences purchase intention of a new product. This means that an increase in customer satisfaction leading to increase in purchase intention.

The present result confirm previous findings that directly influences purchase intention (Kassim and Abdullah, 2010; Johnson et al., 2006; Mazursky and Geva, 1989; Szymanski and Henard, 2001; Walsh et al., 2008).

This finding suggests that product test can help identify/create customer satisfaction and significantly impact purchase intention of a new product. Because customer satisfaction achieved after testing the product, so manufacturers of FMCG foods can take/use of this factor in the design of their competitive advantage strategy. Why showed spend comments from customers faced with up knowledge of new product, even customers faced with down knowledge had high satisfaction to buy the new product. This finding, art of the marketers, retailers and manufacturers to demands that due to the large variety of FMCG products and confusion in choosing clients, our product excellence to see through product testing. So can reduce significantly hesitant to buy a new product.

The result of second hypothesis (H2a andH3a) of the research supported. The result indicate that consumers who had faced with a low risk tend to purchase own more new product than consumers with a high risk. This finding also supports previous studies (Tuu and Olsen, 2011; Jalal Ahamed, 2009; park, 2006; Thompson et al., 2005; Yeung, 2002).  

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The result of third hypothesis (H3a and H3b) of the research supported. In contrast, this means that consumers who have a up level of knowledge tend to purchase own more new product than consumers with a down level of knowledge. The present results confirm previous studies (Tuu and Olsen, 2011; Jalal Ahamed, 2009; Chao et al., 2012; Zhang and Su, 2011).

Findings of second and third hypothesis indicate importance of product labelling tool and suggest to manufacturers of new FMCG products should information related to product risk (quality) and knowledge (quality) aspects reflect very basic and bold display in product label.

a total the findings of this study has shown importance of product test tool (support H1 in four groups) than product label (not support H3) in the introduction of a new product of FMCG food. Therefore, in generally, can recommend to manufacturers, marketers and retailers to improve risk reduction in the FMCG of new products (low involvement), while according to product labelling information as an important tool on new products adoption and response to need of the customers information research, and promote/extent new products purchase, specification attention to product testing as a power promotional tool.

Today the companies for its survival and profitability requires/need to bold presence and enhance the public image of their products and by increasing the amount of advertising and public awareness of the products are available.

**Limitations and future research**

The study has several limitations.

First, the study collects cross-sectional data from respondents a single city in Iran. Respondents who live in large cities may have greater opportunity to purchase intention new products and be exposed to information about such products, and thus have different perspectives from people who live in other small cities or towns.

Second, select different types of products/brands. Use of one new product which the study investigates limit the findings.

Thus, future studies should use different products/brands and make comparisons in the advertising effects between different types of products and third, use other advertising approaches. Researchers may choose media other than printed Product label and make product test.

fourth, Both product risk and consumer knowledge are multidimensional constructs, thus, it will be interesting for future studies to manipulate different facets of those constructs (e.g. financial risk, procedural knowledge).

**REFERENCES**


