



**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**DETERMINANTS OF FACTORS INFLUENCING THE  
PURCHASE INTENTION OF BOTTLED WATER: THE CASE  
OF BOTTLED WATERS IN ADDIS , ABABA**

**ETHIOPIA**

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**Thesis Submitted to the School of Graduate Studies of Addis Ababa  
University School of Commerce in Partial Fulfillment for the Award of  
Masters of Arts Degree in Marketing Management**

**June 2023**

**Addis Ababa**

# DETERMINANT FACTORS INFLUENCING THE PURCHASE INTENTION OF BOTTLED WATERS: THE CASE OF BOTTLED WATERS IN ADDIS, ABABA ETHIOPIA

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## **Statement of Declaration**

This is to declare that Kidus Yared Tegegn has carried out his research work on the topic entitled “Determinant factors influencing the purchase intention of bottled waters the case of bottled water in Addis Ababa Ethiopia”.

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## **Abstract**

This research focused on factors that influence consumers' intention to purchase bottled water in Addis Ababa. Factors examined are intrinsic factors (i.e. perceived quality, perceived risk and perceived value) and extrinsic factors which include perceived price, packaging, advertisement and store image. All responses were collected by using questionnaire through convenience sampling (n=250). Data was analyzed to obtain descriptive statistics, comparing mean analysis (i.e. independent t-test and ANOVA) and other analyses (i.e. correlation analysis and multiple linear regressions). According to the study findings, five factors: packaging, perceived quality, perceived value, perceived price and advertisement were identified as a major factors that consumers of bottled water products perceive to be important in influencing their purchase intention towards bottled water products. However, the influences of packaging and perceived quality, in their purchasing decision, were more important than the other factors. The study also finds out that perceived risk and store image has significant effect on consumers purchase intention of bottled water products in Addis Ababa. The Finding of the study also shows that there is a significance difference between consumers of bottled water products who belongs to different age groups with regard to packaging and store image. Perceived quality, perceived price, packaging and store image perceived differently among different respondents with different income group. Those respondents who have a larger family size give more attention to perceived value when they buy bottled water products. This result indicates that value is perceived to be important in forming purchase intention by female consumers than male bottled water consumers.

**Key words: bottled water, price, purchase intention, promotion, packaging attribute, brand image and consumer perception.**

## **ACKNOWLEDGMENT**

First, I would like to thank God for all the blessings he has given me, guiding me through life and finally allowing me to complete my paper. I also want to thank my parents for their endless support and encouragement that has carried me throughout my study.

I would also like to express my sincere appreciation to my advisor Temesgen Belayneh (Ph. D.) for his intuitive and insightful direction, and consistent support that has helped me during the time working on this paper. I would also like to thank the respondents of the questionnaire for taking the time to fill the survey as there would be no study without them.

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# **CHAPTER ONE**

## **1,Introduction**

The introduction chapter explains the purpose of this research. It introduces readers to the study of intrinsic and extrinsic factors perceived to be important in influencing purchase intention towards bottled water consumers, in Addis Ababa. It consists of the background of the study, statement of the problem, objectives of the study, research questions, research hypothesis, significance of the research, scope of the study, and limitation and delimitations of the study.

### **1.1Background of the study**

water is the most important substance for human existence. Water is essential for life on earth. Because of its importance, the pattern of human settlement throughout history has often been determined by its availability (Saleh, et.al, 2011)

The introduction of packaged drinking water for human consumption at recent times is a boon to mankind and more convenience are realized. Whenever a common man purchases packaged water, he thinks that the quality is assured and it is safe water. Such assurance should be given to consumer by each and every manufacturer of packaged drinking water. (Bruvold, 2014).

According to New York state department of health, Bottled water can be defined as any product, including natural spring or well water, taken from municipal or private utility systems or other water, distilled water or any the foregoing to which chemicals may be added, which are put in to sealed bottles, packages or other containers, to be sold for domestic consumption or culinary use.

As Kotler and Armstrong (2012) explain, how a person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses:sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way.

As the level of competition keep on increasing in the bottled water market, it is essential for every bottled water producer companies to understand customer insight in order to further increase their share of wallet. Thus they need to understand what factors might influence their customers’ decision on purchasing a bottled water.

Currently in Ethiopia, the demand for bottled water is increasing. Changing in lifestyle, the perceived impurity of tap water and the perceived purity of bottled water can be considered as the cause for the demand increase. The expansion of bottled water companies is also the other cause driving force for the growing demand. This rapidly growing market will make the competition environment; the way by which companies win the competition is by analyzing the factors that consumers perceived to be important in their purchasing decision. (Gedamnes, 2013)

Drinking the best quality water is one of the critical issues in the world. Scarcity of the available drinking water is also a major issue in developing countries. Urbanization and different projects leads to ground water pollution which is a serious threat to human population. Therefore, people adopt different strategies to fulfill their needs on drinking water especially focusing on their health. Health concerns, individual preferences on aesthetic conditions and consumer distrust of persons responsible for the quality of public drinking water are some of the main possible reasons why certain people believe it is necessary to drink bottle water. The increase in sales of bottled water and home drinking water treatment devices shows further evidence of growing concern in bottled water market (Curry, 1988).Furthermore, the bottled water market is success to attract consumers to consume more bottled water (Feliciano, 2014).

There is increasing trend in the number of bottled water manufacturing companies in Ethiopia engaged in the production and sale of potable water in the form of packaged/bottled water for safe drinking by branding waters for commercial product through labeled plastic packages. Because of consumers' life style towards safe and quality potable water, there is increasing trend of preference of bottled water to the traditional one (tap water) in the metropolitan cities like Addis Ababa of Ethiopia with large population size and diplomatic city of Africa enhances the commercialization and profitability of water as a product in the national and international market for Ethiopian bottled water manufacturers. (MatiwosEnsermu, 2012).

The success of any product in the market depends on the demand created by the customers, which is possible through the positive mindset of the public. The positivity of the product in the market is based on customer perception and satisfaction towards the product offered especially, when it comes to influencing consumers to purchase a product, their perception of the brand must be taken into account. Customer perception can be developed from a variety of factors,

such as their own personal experience or how they have heard other people experienced the product. Perception is unique to each individual and it is not just objective reality. Different persons may have their own version of brand description based on their perception (Kumar,2008). Deep dives into the consumer mind and psychology to determine how we choose and why we choose what we choose are popular topics of investigation (Kotler and Armstrong, 2010;Solomon et al. 2010).

A study conducted by ferrier (2011) and Doria (20016) found that there is a relation ship between bottled water consumption and perception of tap water quality including both safety and taste.The increased consumption trend of bottled water is an indication of a change in ways of life. It also indicates that the tremendous development of urbanization and the growing standard of living enables people to bring home heavy and expensive bottled water (Ferrier, 2011).Furthermore, demographic factors such as race, income and gender have association with consumption of bottled water. In contrast, education and income were found to be inversely associated with the risk perception of drinking water (Doria, 2017).

## **1.2 Statement of the problem**

Now a days it is important for companies to go ahead and understand what consumers perceive about their products. In this new marketing era, consumers are the leaders of the market and co-creators. Because of this, their perception towards an industry's product very much affects their purchase intention. A company which is aware of the factors that consumers perceive to be important for their purchase decision become the market giant and profitable because of its consumer focused insight.

Consumers' buying decision is very complex. Usually purchasing intention is related with consumers' behavior, perception and their attitude. Purchase behavior is an important key point for consumers during considering and evaluating of certain product (Keller, 2001). Gosh (1990) stated that purchase intention is an effective tool use in predicting purchasing process. Once the consumers decide to purchase the product in certain store, they will be driven by their intention. However, purchase intention might be altered by the influence of different intrinsic and extrinsic factors (Zeithaml, 1988). In addition, consumers will be interrupted by internal impulse and external environment during purchasing process. Their behavior will be driven by the

physiological motivation that stimulates their response which brings them to the retail store to fulfill their need (Kim and Jin, 2001).

This study is intended to understand consumers' purchase intention in general and to close the research gap which is determinant factors influencing purchase intention of bottled water products. It is clear to see that there still exists a huge knowledge gap that needs to be studied regarding this topic in our country. This research will focus on the factors that are perceived to be important in influencing consumers' intention to purchase bottled water in Addis Ababa. Factors that will be examined are extrinsic factors and intrinsic factors.

. Within this context, the main goal of the study is to advance the current knowledge of the factors that underlie bottled water consumption in Addis Ababa.

### **1.3 Research Questions**

From the above-stated problem, the research aims to address the following questions:

- ✓ What is the effect of consumers' perception of intrinsic factors which are perceived quality, perceived risk and perceived value on their purchase intention towards bottled water products?
- ✓ What is the effect of consumers' perception of extrinsic factors which are perceived price, advertisement, packaging and store image on their purchase intention towards bottled water products?
- ✓ Which factors are perceived to be more important in consumers' purchase intention of bottled water products?
- ✓ Do the determinant factors of purchase intention vary across demographic profile of respondents?

### **1.4 Objectives of the Study**

In line with the specified problems and research questions, the objective of this research will be categorized into general objectives and specific objectives.

### **1.4.1 General Objective of the study**

The key objective of this study is to investigate and to identify the factors perceived to be important in consumers' purchase intention of bottled water products in Addis Ababa.

### **1.4.2 Specific Objective of the study**

- ✓ To identify and to know the effect of Intrinsic and Extrinsic factors of perceptions on consumers purchase intention of bottled water.
- ✓ To determine and to know which factors are perceived to be more important in consumers purchase intention of bottled water products.
- ✓ To examine if there is a difference among the demographic profile of consumers and the factors they perceive to be important in influencing their purchase intention of bottled water.

## **1.5 Significance of the Study**

The findings of this research will provide bottled water companies with valuable information so as they can use to improve their current operations. It will give them an idea of what criterion customers consider when selecting and buying bottled water. The study will indicate factors considered highly by the general population while also indicating factors that do not contribute that much to customers' selection and decision on the product. This research is aimed to understand consumers' purchase intention in general and to determine the factors perceived to be important in influencing purchase intention of bottled water products". A clear understanding of the factors that are perceived to be important in influencing consumers purchase intention is critical to ensure that a company's marketing efforts are matched with the needs of consumers intention. Therefore, this study can help marketers to design a better marketing strategy by identifying the factors that consumers perceive to be important in influencing their purchase intention.

## **1.6 Scope of the Study**

**Geographical scope:-** The population of the study is limited to Addis Ababa, capital city of Ethiopia. This geographical limitation is not only chosen because of time, access and cost restriction, but also it is believed that a considerable number of bottled water consumers are available in Addis Ababa. Due to urbanization, education, exposure to international media and globalization people life style is changing and they are becoming more conscious about their health.

**Conceptual scope :-** in a condition in which tap water is perceived to be unhealthy, people give value to drinking pure or healthy water. More specifically data were collected from consumers of bottled water that will be discussed later on the methodology. This study focuses on consumers purchase intention towards non- carbonated which is natural water. Since it is perceived that the reason consumers buy carbonated water is different from noncarbonated, the carbonated mineral waters available in Addis Ababa will not be considered. Furthermore this research focus only on the factors those consumers“ perceive to be important in motivating their purchase intention of bottled water products. The factors that influence consumers“ purchase intention of bottled water products may differ in other product categories, so generalization of the findings of this research beyond the bottled water products is not recommended.

## **1.7 Limitation of the Study**

The difference in cultural and economical background between residents of Addis Ababa and other areas of the country are very different. Therefore the results of the study can only be applicable for bottle water products located in Addis Ababa. The other limitation of the study is that since convenience sampling was used the results may not represent the entire population of the study.

## 1.8 Definition of Terms

- ✓ **Consumer Perception** :Consumer perception is the method through which people choose, arrange, and interpret data to create a meaningful impression of the outside world. Three perceptual processes—selective attention, selective distortion, and selective retention—allow people to create various views of the same stimulus. Every day, people are subjected to a lot of stimuli. (2012) Kotler and Armstrong.**Consumers purchase intention:** is related with consumers' behavior, perception and their attitude. Purchase behaviour is an important key point for consumers during considering and evaluating of certain product (Keller, 2001).
- ✓ **Bottled water products:** According to the New York state department of health, Bottled water shall mean any product, including natural spring or well water taken from municipal or private utility systems or other water, distilled water, deionized water or any of the forgoing to which chemicals may be added, which are put into sealed bottles, packages or other containers, to be sold for domestic consumption or culinary use, involving a likelihood of such water being ingested by human being.

## 1.9 Organization of the Study

The study was organized in to five chapters. The first chapter deals the background of the study, statement of the problem, research questions, Objective of the study, significance of the study, scope of study, limitation of study and organization of the research report. The next chapter deals with the review of related literature which covers the theoretical review, empirical review and conceptual frame work. Chapter three focused on Description of the Research approaches, Research design, population and sample, Data sources and types, Data collection procedures, Data analysis, Reliability and validity, and Ethical consideration. The fourth chapter presented the detailed result analysis and discussion of the data. Finally, chapters five presented the detail summary, conclusions and recommendations.

# **CHAPTER TWO**

## **2. Literature Review**

### **2.1 Introduction**

Consumer decisions regarding the selection and consumption of products and services can often be difficult and are important to consumers, marketers, and policymakers. The chapter covers topics related to consumers' purchase intention, consumers' perception, factors perceived to be important in influencing consumers' intention to purchase. Factors discussed are extrinsic and intrinsic factors. Extrinsic factors include; perceived price, advertising, packaging, and storage image. Intrinsic factors include perceived quality, perceived risk and perceived value. Furthermore, the conceptual framework of the study is presented at the end of this chapter.

### **Theoretical Review**

#### **2.1.1 Consumers' Purchase Intention**

Purchase intention means a subjective inclination consumers have towards a certain product which means extent to which customers are willing and inclined to buy a product within a certain period of time.

Product selection and purchase is a complex process influenced and affected by a variety of marketing-related, psychological, and sensory elements. Certain brand functions, such as brand image, product quality, product knowledge, product involvement, product qualities, and brand loyalty, have a considerable influence on customer purchase intentions. Consumers get product information prior to purchasing based on personal experience and the external environment.

Product selection and purchase is a complicated phenomenon which is affected by many factors classified as marketing-related, psychological and sensorial. Moreover, a sensory property of products has been viewed as the important factor of consumers' choice (Guerrero, et. al, 2000). Prior to purchasing, consumers collect product information based on personal experience and external environment. When the amount of information reaches a certain level, consumers start the assessment and evaluation process, and make a purchase decision after comparison and judgment. Therefore, purchase intention is often used to analyze consumer behavior in related studies. The so-called purchase intention means a subjective inclination consumers have towards

a certain product, and has been proven to be a key factor in predicting consumer behavior (Fishbein and Ajzen, 2006). Therefore, most marketers think consumers' purchasing intention is an effectively method of predicting purchasing. In addition, both Sudhir and Talukdar (2004) and Sethuraman (2003) offer that quality perception and purchase intention have a positive relationship. Zeithaml (1988) thinks consumers' purchase intention will be influenced by objective price, quality perception, and value perception. Purchase intention is the implied promise to one's self to buy the product again whenever one makes next trip to the market (Fandos & Flavian, 2006; Halim & Hameed, 2005). It has a substantial importance because the companies want to increase the sale of specific product for the purpose to maximize their profit. Purchase intention depicts the impression of customer retention. There are certain functions of the brand which have a strong influence on the purchase intention of the customer's i.e. brand image, product quality, product knowledge, product involvement, product attributes and brand loyalty. Halim and Hameed (2005) explain purchase intention as the number of patrons that has a proposal to buy the products in future and make repetition purchases and contact again to the specific product. Jin and Kang (2011) explains purchase intention relating four behaviours of consumers including the undoubted plan to buy the product, thinking unequivocally to purchase the product, when someone contemplate to buy the product in the future, and to buy the specific product utterly. Fandos and Flavian (2006) explain the phenomenon of purchase intention as the projected behavior of consumers on short basis about the repetition purchase of specific product i.e. when someone decided to buy the product whenever he/she will come again to the market. The concept of purchasing intention has been used in marketing literature as an indicator of conduct prediction (Morwitz and Schmittlein, 1992). Thus, departing from the field of the psychology, the theory of reasoned action (TRA) proposes that the best predictor of the behaviour is the intention (Fishbein and Ajzen, 1975). In fact, the intention could be predicted for the attitudes towards the behaviour (Notani, 1997). The theoretical foundation supporting purchase intentions, the theory of reasoned action (TRA), states that behavioral intentions formed through the attitude toward a behavior and subjective norms lead to actual behavior given the availability of resources and opportunities (Ajzen and Fishbein, 2012). Ajzen (2008) suggests that generally, the stronger a person's intention, the more likely he or she will perform a behavior. The attitude toward a behavior reflects a person's interest in performing a particular behavior, and is determined through behavioral beliefs. These

beliefs are derived through a cognitive evaluation of outcomes associated with performing the behavior and the strength of the associations between outcomes and behavior. Normative beliefs motivate a person to comply with his or her subjective norms. Hence, methods to instill a belief of what is proper or desired behavior, and increase the association between desired outcomes and behavior will increase the chances of intended and actual behavior. Based upon TRA, purchase intention can be used to predict actual purchase behavior. Prior studies have identified a positive relationship between purchase intentions and purchase behavior (Morison,2000). As it applies to purchase intentions, the multi-channel store image must instill positive attitudes and relate positive normative beliefs to achieve purchase intentions.

### **2.1.2 Consumer Behavior**

Consumer behavior is the analysis of how consumers make decision about what to buy and when to buy and how to do so .Hoyer &Maclnnis (2010) claim that the entirety of consumer decisions made about the acquisition, consumption, and disposal of commodities, services, activities, experiences, people, and ideas by (human) decision-making units reflect consumer behavior. Additionally, as a customer shifts from decisions that need little problem-solving to those that require considerable problem-solving, the amount of consumer search activity increases (Kotler et al. 1999). Since consumer behavior and consumption have evolved over the past ten years, the rivalry for the consumer's attention is becoming more nuanced and complex (Ko et al. 2002; Parker, 2005; Solomon et al. 2010). Maslow's hierarchy of wants' first two phases were once largely the emphasis of consumption. They no longer are driven by biological, physiological and safety needs (Kim et al., 2002). In other words, the consumer will not buy just any type of food because of hunger rather they will purchase something that is enjoyable or perhaps provides them with certain nutritional benefits if they have the choice. Moreover, a thirsty consumer would buy a bottle of water fundamentally based on level one. However, and more importantly, given the choice between different water bottles the consumers will select the one that is most perceived appealing. The appeal might for instance be in terms of price, flavor, function, brand, country of origin, or bottle design. Hence, consumers are perhaps more focused on belonging and esteem needs through than biological and safety.

### **2.1.3 Consumers Perception of Intrinsic and Extrinsic Cues of a Product**

Nature endows people with feelings and senses by which a person can experience the environment. Perception assists a person in understanding his or her surroundings and phenomena as a more detailed concept. In other words, perception is the process by which physical sensations such as sights, sounds, and smells are selected, organized, and interpreted (Solomon, et.al, 2010). Perception is defined as the psychological processing of information received by the senses (Mullen and Johnson, 2013). Also, perception has been considered a process of sensing, selecting, and interpreting stimuli in the external, physical world into the internal, mental world (Chen and Dubinsky, 2013). It has been noted that consumers collect information in an attempt to reduce the risks associated with purchase (Wood and Sheer, 2008). One can therefore argue that the process of perception involves exposure to a stimulus, paying attention to it, and then interpreting its meaning in order to respond to it (Engel, Blackwell and Miniard, 2015). One can therefore say that perception is an estimation of reality. The perceptual process consists of four stages. These stages are exposure, attention, interpretation, and memory (Hawkins, Best and Coney, 2014). Different perceptual steps may take various time lengths (Zhong, 1990). Richardson, Paul, Dick, and Arun (2007) point out that the broader definition of perception is people have important inner response from their environment. Therefore, an individual consumer has different perceptions. Consumers have different stimulus, acceptable levels, and information from the same product. Furthermore, the perception acts just like a process that directs consumers on how to process, organize, and explain the outer stimulus, as well as giving a meaning and complete process (Wu, 2008). The study would like to discuss the influence between consumers' perception and consumer behaviour. According to Schiffman, Kanuk, and Hansen (2008), consumer perception has four elements: sensation, absolute threshold, differential threshold, and subliminal perception. The process starts when the sensory receptors receive the sensory input. Then they produce an immediate response to the stimuli, which is called sensation (i.e., seeing, smelling, hearing, tasting and feeling). The strength of the sensation depends on the intensity of the sensory input as well as on the capacity of the consumer's sensory receptors. However, as exposure to a stimulus increases, the ability to notice it decreases because the sensory receptors get "used to it" and adapt to that particular level of stimulation. This sensory mechanism is referred to as sensory adaptation and the level at

which we stop detecting the sensation produced by a given stimuli is called the absolute threshold, which increases under conditions of constant situation. That is the reason why after being in a fragranced room for some minutes, we are not able to smell the odour anymore. To be able to detect again the odour, we would need the stimulation to stop, a higher level of stimulation, or another source of stimulation (e.g., another fragrance). Continuing with the example, in the case that another odour was used, for the olfactory receptors to notice the difference between the first and the second odours, the intensity of the latter one would have to be over the differential threshold, which is defined as the minimum difference that can be detected between levels of two similar stimuli (also called the “just noticeable difference”). It is important to highlight here that although most stimuli are perceived above our level of conscious awareness, weak or brief (i.e., sub-threshold) stimuli can be perceived by one or more receptor cells without us being conscious of it (so we perceive it “subliminally”). This unconscious type of perception is also known as subliminal perception. Previous research suggests that it is perception that provides the grounds for purchasing decisions (Friedmann and Zimmer 2010) Borgers and Timmermans 2008). Analysis of consumer perceptions and decision-making processes is therefore extremely important in order to understand consumer behaviour, since it can help marketers to determine more readily what influences consumers’ buying behaviour (Schiffman and Kanuk 2012).

#### **2.1.4 Consumer Perceptions( Marketing Cues)**

Marketing stimuli that influence consumer’s perception such as nature of the product, physical attributes, the package design, the advertisements and commercial (including copy claims, choice and sex of model, positioning of model, size of the print advertisement, position of the advertisements, typography, symbolic representation), use of color and the editorial environment (Keachie and Doyle, 1966). Motive is a tendency to think and behave so as to attain a favored or positive generic goal. Motives influence perception (Atkinson and Walker, 1956). People tend to perceive the things they need or want. As constant exposure to stimulus induces a level of adaptation, at times novelty and contrast finds widespread use in advertising to make a message stand out from those of its competitors. Research on increasing the size has revealed that doubling the size of the print advertising or poster does not double the attention attracting power

of the advertisement (Barton 1964). Visual impressions can be retained in the memory of consumer and these results in greater message recall by the individual (Engel, Wales and Warshaw, 1967). Colors can also be used to create moods and emotions amongst consumers. Package designers are aware that an average package on the super market shelf has about 1/10 the of a second to make an impression on the consumer thus every aspect of package ,the name ,shape, color, label and copy and material provide sufficient sensory stimulation to be noticed and remembered by the consumer.

"To perceive means to immobilize... we seize, in the act of perception, something which outruns perception itself." - Henri L. Bergson. Marketing cues are any communications or physical cues that are designed to influence consumers. In general, cues are related to product or service performance. According to marketing literature, cues that are perceived to be important in forming purchase intention can be classified as extrinsic and intrinsic (Dodds and Monroe, 1985; Zeithaml, 1988). Extrinsic cues that influence purchase intention are lower level cues that can be changed without changing the product (e.g. price, packaging, store image, advertisement), while 11 intrinsic cues are higher-level cues directly related to the product includes, perceived quality, perceived value and perceived risk.

### **2.2.1 Intrinsic Cues of the Product**

Intrinsic cues represent product-related attributes that forms part of the product and cannot be altered in any way without tampering with properties of the product. Besides, they are consumed alongside the product. An intrinsic product cue can be any product characteristic inherent in the product itself, such as engine capacity for a car or flavour for a soft drink. Though a number of studies posit that intrinsic product cues dominate consumer evaluative criteria, Srinivasan and Jain (2004) maintain that this will not be the case when intrinsic cues are insufficiently predictive in the minds of consumers or when they have low confidence in their ability to evaluate and assess those. There is higher reliance on intrinsic cues instead of extrinsic cues in pre-purchase situations when intrinsic attributes serve as search attributes rather than experience attributes and/or when the intrinsic attributes have high predictive value (Zeithaml, 2006). Also, most studies have demonstrated and gave credence to intrinsic cues as better indicators to consumers in judging quality because they have higher predictive value than extrinsic cues (Aqueveque,

2006). This seemingly hasty conclusion seems to neglect the obvious fact that many assessments about quality are made with limited information about intrinsic cues. Perhaps, this could largely explain why Sawyer, Worthing, and Sendak (2009) argue that extrinsic cues are more important to consumers than intrinsic cues. Intrinsic cues include characteristics that are part of the physical product, which cannot be changed without also changing the physical product itself (Olson, 2001; Olson & Jacoby, 2002). Intrinsic factor is related to physical product characteristics where it includes perceived quality, risk and value.

### **2.2.1.1 Perceived Quality**

The concept of quality may be analysed from two different perspectives: objective quality and perceived quality (Brunso, Bredahl, Grunert and Scholderer, 2005). The first concept refers to the technical, measurable and verifiable nature of products, processes and quality control procedures; subjective or perceived quality refers to value judgements or perceptions of quality by the consumer. Since quality is a very critical factor affecting customer buying behavior, perceived quality has undoubtedly become the main element influencing customer's measurement of brand equity.

Depending on the above premises, Perceived quality is defined as a "customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives" (Zeithaml, 1988). As this definition indicates, perceived quality is not necessarily related to the real quality of the product but, instead, refers to a customer's perception of quality based on his/her experience of the product or its comparison with other competing products. However, it is necessary to point out that the perception of quality is not only based on one's experience but also the perception of some heuristics, such as price or some of the product's physical attributes (Rafael, Elena and Eva, 2007). In marketing literature perceived quality has been analysed on the base of products – case that occupies us. Empirical studies in the literature have documented the impact of perceived product quality on consumer purchase intentions, although contradictory research findings have been reported in the literature. Some scholars support a positive direct effect of perceived quality on purchase intentions (Parasuraman, Zeithaml & Berry, 1996), others report only an indirect effect through satisfaction (Sweeney, Soutar & Johnson, 1999), and yet others maintain that both relationship exist

(Tsiotsou, 2006). Bauer and Herrmann, (2011) argue that subject perceptions are in a better position to determine the consumers' purchasing choices as compared to the objective determinants themselves. Perceived quality is a major factor by which consumers make distinction in the market place as quality arguably lies in the eye of the beholder. Positive quality perception may most likely influence a consumer to purchase bottled water. On the other hand, consumers are not likely to form a strong intention to purchase if they hold an inferior perception towards product quality of a product in the market place especially where there are available alternatives.

### **2.2.1.2 Perceived Risk**

The concept of risk has been extensively studied by scholars in the consumer behavior field, and has been proposed as one of the most important concepts for understanding how consumers make choices (Mitchell,2009), influencing not only decision making, but also information search and satisfaction (Conchar, Zinkhar, Peters and Olavarrieta, 2004). According to several authors, the concept of risk is important for understanding how consumers make choices (Mitchell,2009) and has been proposed as the core concept for consumer theory (Bauer,2006). In this context, risk has been conceptualized as involving two elements: uncertainty and consequences (Dowling and Staelin,2003). The viewpoint of consequences has evolved over time, focusing on adverse consequences (Conchar et al., 2004), and identifying different types of losses. Previous studies conceptualized perceived risk into five types of risk: financial, performance, social, physical, and psychological risks (Mitchell,2006).

Even if all risk dimensions previously identified are relevant for consumer research purposes, there is a widespread recognition that, among them, those most commonly associated with purchase decisions are financial risk (FR), performance risk (PR), and social risk (SR) (Dowling and Staelin,2007). FR refers to the economic outlays that may be lost if a product does not perform satisfactorily (Hjorth and Andersen2003). PR refers to the potential reduced utility and physical or emotional harm resulting from substandard performance (Smith, 2005). Finally, SR is said to be present in a choice situation to the extent that consumers believe their peers may evaluate them negatively due to a purchase they make (Harrel,2005).

On the other side, and considering the uncertainty element, it is important to note that the fact that consumers choices are usually made relative to situation-specific goals (Cunningham, 1967; Stone and Winter,2001) and that a priori probabilities of specific outcomes are unknown, had led to the concept of perceived risk in the consumer behavior literature.

Perceived risk, in the context of marketing and consumer behavior, can be defined as the possibility that consumers perceive uncertainty or unfavorable consequences when deciding to purchase products or services (Dowling and Staelin, 1994). In other words, it is the degree of risk perceived by consumers in deciding to purchase commodities, and the degree of their tolerance. Even when no risk exists or the when the actual degree of risk is low, consumers' high-risk perception will still cause a negative influence on consumers' decision to purchase (Johnson, Sivadas, &Garbarino, 2008). According to the theory of consumers' perceived risk, consumers perceive risks because of uncertainty and mistakes of shop. The appearance of uncertainty is related to the product itself. Consumers usually feel insecurity caused by too low price, simple packages, and less well-known brands. Moreover, losses result from losing money and value after they purchase the product (Lim, 2003).

Perceived risk theory provides a comprehensive explanation of why consumers are more often motivated to avoid negative aspects than to seek positive aspects or payoffs in a given buying situation. Perceived risk theory postulates that buyers are inclined to minimize the perceived risk first, rather than to maximize the expected positive outcome or expected payoff. In this way, it has been possible to understand some of the consumer behaviors that are not comprehensible in a normative utility theory. Besides, it has been shown that once consumers' perceived risks have been identified in a buying situation, there seems to be some evidence to determine subsequent consumer behavior in accordance with such risks (Taylor,2008).

Perceived risks developed by consumers through recognition of the purchase process would negatively influence behavioral intention (Aqueveque, 2006). Goyal (2008) pointed out that consumers will volunteer to search for more information to reduce their purchase risks when they purchase sophisticated products with higher value and perceived risk. Dowling and Staelin (1994) also pointed out that when consumers perceive high risks when making the decision to purchase, they would either collect relevant information or give up the purchase to reduce purchase risk. The study of perceived risk leads consumers to more effective decision making.

Davis and Olson (1985) argued that perceived risk is a significant source of psychological stress that results in impaired decision-making. Thus, marketers' understanding of perceived risk structure and the provision of risk relievers give consumers a better environment for making buying decisions. According to Durovnik (2006), consumers are less interested on purchasing the product that is considered being risky endeavours. He also says that consumer will try to reduce the risk of using more time to survey and paying something.

Purchase intention has been widely used in the literature as a predictor of subsequent purchasing (Babin, Babin, and Boles, 1999). More specifically, Mitchell, Davies, Moutinho, and Vassos (1999) have successfully proved that purchase intention is negatively driven by the perceived risk associated with the purchase.

### **2.2.1.3 Perceived Value**

Consumer value is often defined as "what you get for what you pay" (Sirohi, McLaughlin, and Wittink, 1998), and it can be seen as an amalgam of price and benefits (p. 223). If the derived benefits are more than what you have to pay, you will see high value in the purchase. The evaluation of the benefits is also dependent upon perceived quality (Oh, 2000) since high-perceived quality makes it possible for consumers to think highly of the benefits that they receive. It is also reasonable to think that if consumers' perception of quality is greater than the perception of what they pay, consumer value must be positive. Thus, it is logical to assume that perceived quality is also positively related to consumer value. A link of consumer value with purchase intention has also been examined. Researchers have reported that purchase intention is an important consequence of consumer value (Szybillo & Jacoby, 1974; Oh, 2000). Consumers who see great value by perceiving higher quality than what they financially sacrifice tend to have more purchase intention.

Customer's perceived value can be defined from the perspectives of money, quality, benefit, and social psychology. The Monetary perspective indicates that value is generated when less is paid (such as by using coupons or promotions) for goods (Bishop, 2006). In other words, it is the concept of consumer surplus in economics; perceived value is the difference between the highest price that consumers are willing to pay for a product or a service and the amount practically paid.

According to the quality perspective, value is the difference between the money paid for a certain product and the quality of the product (Bishop,2011). In other words, when less money is paid for a high quality product, positive perceived value will be created. The benefit perspective indicates that perceived value is customers' overall evaluation of the utility of perceived benefits and perceived sacrifices (Zeithaml,2003). In other words, consumers may cognitively integrate their perceptions of what they get and what they have to give up in order to obtaining goods. However, the sacrifice means more than the money paid for a certain goods. Non-monetary costs, such as transaction cost, search cost, negotiation cost, and time incurred during the purchase, should also be included (Zeithaml,2003). The social psychology perspective points out that the generation of value lies in the meaning of purchasing a certain goods to the buyer's community (Sheth, Newman, and Gross,2001). That is, goods carrying particular meanings (such as social economic status and social culture) can increase the effect of social self-concept (Sweeney &Soutar, 2001).

For the purpose of this study perceived value is defined as consumer's overall assessment of the utility of a product based on perception of what is received and what is given varies, so value represents a trade off if the salient give and get components (Zeithaml 2009).

Although perceived value is highly personal and idiosyncratic (Zeithaml2009), scholars have tried to find common predictors of perceived value to understand what constitutes value and purchase intentions. Over the years, a considerable body of literature has empirically investigated the antecedents that determine product value and product choice (e.g. Bolton and Drew2001; Zeithaml 2009). Dodds and Monroe (2003)mentioned that perceived value is an important factor in consumers purchasing decision process, and consumers will buy a product with high perceived value. Dodds and Monroe (1985) and Zeithaml contended that consumers will evaluate what they give and what they get in their subjective perception when they are buying a product/service. According to Utility Theory, the probability of purchase intention will increase, when consumers acquire more benefits than they pay for a product (Dickson & Sawyer,2014). Thaler (2015) also considered that perceived value is an important antecedent to influence consumer purchase intention because it is the composition of transaction utility and acquisition utility. Swait and Sweeney (2000) used logic models to analyze the influence of customer perceived value on consumer purchase intention in retailing industry and found that different

perceived value customers have different purchase behavior. In fact, many researchers considered perceived value an important factor for marketing companies (Cronin, Brady, and Hult, 2000; Pura, 2005). It is because perceived value can be a differentiation and competitiveness to a company.

### **2.2.2 Extrinsic Cues of the Product**

Extrinsic is defined as not an inherent part of the thing or not contain in something. Research shows that extrinsic cues play an important role in influencing consumers' purchase intention than intrinsic cues (Richardson, 2003). Extrinsic factors of the product include perceived of price, packaging, store image, and advertisement. Consumer intention is influenced by monetary cost (Grunert, Bredahl, and Brunso, 2004). In addition, there is a significant positive relationship between price and consumers' motives towards purchase of a product (Munusamy, and Wong, 2008). Therefore, majority of consumers will make their decision by choosing low price product (Boutsouki, Zotos, and Masouti, 2008). Another important extrinsic factor is packaging because consumer usually examined product by looking at the information provided on the packaging in the decision-making process (Ampuero, and Vila, 2006). Advertisement, an extrinsic factor of product, acts as communicator where it informs consumers about the product and service (Uusitalo, 2001).

Extrinsic product cues bear relation with the physical product but they do not form part of the product. Extrinsic cue such as price or packaging provide quality, emotional appeal and/or value signals to information-deficient consumers across brands (Kardes, Cronley, Kellaris, & Posavac, 2004). Previous studies have associated extrinsic product cues to dominate consumer consideration more than intrinsic cues in initial purchase situations when intrinsic cues are not available or when evaluation of intrinsic attributes requires more efforts and time than the consumer perceives is worthwhile (Zeithaml, 2009).

Cue utilization theory suggests that consumers tend to use extrinsic cues as surrogate indicators of product quality (Richardson, 2010), occurring most often

- When the consumer is unfamiliar with the product (i.e. uncertainty is high)

- When insufficient opportunity exists for the consumer to evaluate the intrinsic attributes of a product; and
- When the consumer cannot make an adequate evaluation of the intrinsic attributes (Zeithami,2009).

Thus the research will focus on the four extrinsic cues, namely, price perceptions, advertising content, packaging and store image.

### **2.2.2.1 Perceived Price**

The literature identifies two primary constructs that represent price in its positive role including the price/quality schema and prestige sensitivity. The price quality schema is defined as a consumer's general belief that levels of price are positively related to levels of quality (Lichtenstein, Netemeyer, and Ridgway, 1993). The idea that consumers use price as an indicator of quality for products, brands and retailers, has also been examined in depth in the literature (Zeithaml, 1988). Although researchers tend to agree that consumers perceive price as a surrogate for quality, the price/ quality schema has been shown to differ across purchasing situations and among individual consumers (Monroe and Krishnan, 1985). The literature also identifies a number of constructs that represent price in its negative role including: price consciousness, sale proneness, value consciousness and price mavenism. Lichtenstein et al. (2003) define price consciousness as the degree to which consumers focus exclusively on paying low prices. Sale proneness is described as an increased propensity to respond to a purchase offer when the price is presented in a sale form. Value consciousness represents a more complex construct, defined as a consumer's concern for the price paid versus the quality received (Lichtenstein et al., 1993). Price mavenism is defined as the 18 degree to which an individual is a source of price information for many types of products and situations (Price, Feick, and Guskey-Federouch, 1988).

Consumers are more likely to use price in product evaluation when some related product information is lacking (Jacoby, Olsen, & Haddock, 1971), when they are not familiar with a product, and when information about purchase context is, lacking (Monroe, 1976). Consumers often perceive price as an extrinsic quality cue (Dodds& Monroe, 1985). Several studies have

searched consumer perception of price as an indicator of quality, and many of these have shown price to operate in these manner (Erickson & Johansson, 1985; Dodds& Monroe, 1985). ). Jacoby and Olson (1977) dichotomized price into two: objective price (actual price of a product) and perceived price (the price as encoded by the consumer).

Price perception is the process by which consumers translate price into meaningful cognitions, and it has interested researchers for several years (Lichtenstein, Block, & Black, 1988). Consumers want to get highest utility from a brand, which they purchase by sacrificing money and benefit from other competitive brands. The classical models in economics postulate that a consumer maximizes utility by allocating a limited budget over alternative goods and services (Lilien&Kotler, 2003). Indeed, the main effects of price appear to be more clearly associated with quality perception of a brand. Perceived price is a good proxy variable for perceived quality. Price conveys information to the consumer about product quality (Erikson & Johansson, 1985). The importance of price as a function of perceived quality has been extensively studied more than any other factors in this sphere (Zeithaml, 1988). High priced brands likewise perceive to be higher quality. Thus, price information is extensively used as an extrinsic cue to evaluate a brand. Therefore, price can play both role as an indicator of the amount of sacrifice needed to purchase a product and an indicator of the level of quality.

Price has a dual effect on consumer buying decision making (Monroe 1990). First, price is an extrinsic cue to perceived quality (Rao& Monroe, 1988) and its strength may be reduced by non-price cues (Zeithaml, 2008). Second, price is an indicator of the amount of financial sacrifice (to be paid) needed to purchase a product or service (Parvin&Chowdhury, 2006). Price influences the prospective buyer's expectations of service levels.

Consumer price perceptions are interlinked with consumers' purchase intentions (Monroe, 1973) and are consequently a very relevant subject matter for both researchers and practitioners in marketing. Interestingly, price perceptions affect consumers' willingness to pay (Adaval&Wyer, 2011), and this is reflected in the subject's purchase intention of a product or brand. Chintagunta& Lee (2012) demonstrated that purchase intention is an antecedent of the purchase behaviour thereby extending the link between price perceptions and purchase behaviour. Therefore, this relationship between the constructs of price perception, willingness to pay and purchase behaviour suggests the existence of a process in which the consumer

transitions from one construct to another in a pricing cycle. Importantly, this pricing cycle is circular as subjects recalibrate their price perceptions after a new purchase encounter or after receiving new price information.

### **2.2.2.2 Advertisement**

Advertising is paid, non-personal communication through various media by business firms, non-profit organizations, and individuals who are in some ways identified in the advertising message and who hope to inform or persuade members of a particular audience (Dunn and Barban, 1982). Advertising has also been defined as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor (Kotler, 2000). It is an effective means used by many organizations or companies to create awareness of a new product or brand, inform customers of features of this new product or brand, create the desired perceptions of them, create a preference for them, and persuade customers to purchase them (Bendixen, 1993). In the long term, these objectives are aimed to achieve profitable sales. Advertisement acts as communicator where it informs consumers about the product and service. It is hard to measure the successful advertisement of a product and a successful advertisement is often come along with a good image (Steinberg, and Jules, 2001).

Advertising is an important extrinsic cue signalling product quality. It is a channel for most customers to know or become interested in a certain product. Therefore, heavy advertising spending shows that the firm is investing in the brand and implies superior quality (Kirmani and Wright, 1989).

Theory and empirical research on consumers' affective response behavior clearly indicates that positive thoughts concerning advertising can affect attitudes towards a product or brand, and eventually influence the consumer's willingness to purchase that product or brand (Mackenzie and Lutz, 1989). Consumers form their preferences on the basis of likes, feelings and emotions induced by the advertisement or familiarity. The assumption is that people do not respond directly to the stimulus; their behavior is rather mediated by feelings, beliefs, attitudes and estimations, and they respond accordingly.

Alba, Marmorstein, and Chattopadhyay (1992) argued that advertising content that could be easily memorized and product feature frequency may better influence consumers' attitude persistence. Macinnis, Moorman, and Jaworski (1991) also mentioned that consumers' abundant knowledge of the product, more complete knowledge structure, and rich product experience lead them to ignore usual product information in advertisement. Therefore, the achievement of greater product knowledge to decrease purchasing risk can possibly arouse greater motive for knowledge acquisition.

Different cues of advertising content in a specific market have determined consumers' motives and ability to handle advertising information (Agree and Martin, 2001). For example, informational advertisement can provide consumers with sufficient information to formulate purchase decisions, like offering an immediate product purchase method to consumers (Pae, Samiee, and Tai, 2002). Usually restricted by content, advertisement cannot provide consumers with sufficient product information. Hence, the more complete the advertising content, the greater it will reduce consumers' uncertainty of purchase behavior. Sing and Smith (2005) found that behavioral intentions are positively influenced by direct-to-consumer advertising and that consumers' willingness to take a purchase action is dependent on the value of information in the advertisement. Abundant advertising content will make consumers recall, understand, and be convinced by the advertising content; enhance consumers' value perception; increase loyalty and willingness to pay more and reduce switch.

### **2.2.2.3 Packaging**

Packaging and packaging design have become significant factors in the marketing of diverse "consumer goods" and have a main role in communicating product benefits to the customer. Czinkota&Ronkainen (2007) deem that product packaging is connected to other variables in the marketing mix (Rundh, 2009). Cateora&Ghauri (2000) say that these variables are within the control of the company and they help to adapt to the changes in the business environment (Rundh, 2009). According to Packaging Federation (2004 ), these changes occur in different areas: new technology, materials development, logistics requirements, environmental issues, consumer preferences; all are the key factors for making decisions on marketing strategy (Rundh, 2009).

Consumer preferences and consumer buying behavior are the major issues that should be taken into account when designing a new package. In spite of factors such as new technology or material development, consumer's choices and desires are the important elements that drive the marketing process. Consumers are the key actors in planning and implementing packages. Hereby, the key issue for packaging design is to understand the consumer (Stewart 2004).

There are many studies that are done in the area of packaging. Nevertheless, Holmes and Paswan (2012) deem that a little is known about the impact of the consumer's experience with the package on the evaluation of the product itself. Concerning the previous researches, it can be seen that not a lot of studies are about the package design perception and direct customer experience with the package. However, it has an essential role in product performance because the package tells the consumer as well the information about the product as the quality of this article.

In marketing literature, packaging is a part of the product and the brand. A product's package represents its characteristics and communicates the product information. For consumers, the product and the package are one and the same when they see it on the supermarket shelves. During the purchasing decision, the package assists the consumer by creating the overall product perception which helps the evaluation and the making of the right choice. Furthermore, the package is the product until the actual product is consumed and the package is recycled. (Ksenia, 2013).

The package design adds value to the package and to the product respectively. Design elements such as colors, font, text, and graphics have an important role in package appearance. Pictures on the package in form of attractive situations (mountains, beaches, luxury houses and cars) can assist in triggering lifestyle aspirations (Rundh, 2009). At the point of purchase, the primary role of the package and packaging design is to catch the consumers' attention and to stand out among the competition in the store or at the supermarket.

Successful package design and packaging itself is the result of the involvement and the work put forth by marketers, designers, and customers. Hence, packaging is a major instrument in modern marketing activities for consumer goods. Prone (1993) deems that the package can attract the customers' attention, communicate company's name and image, differentiate the brand from

competitors, and enhance the product's functionality (Garber & Burke & Jones 2000). Therefore, the package itself acts as a decisive communication tool and provides consumers with product-related information during the buying decision process.

There is a term that has its origins in packaging and packaging design - product positioning. Positioning recognizes the importance of the product and the image of the company and it is required to differentiate the product in the minds of consumers. In other words, positioning assists the package and product awareness, keeping it present in the consumers mind against competitors in terms of attributes that the brand or company name does not offer. Maggard (1976) deems that product positioning induces marketing mix where the elements such as pricing policy, place, products and promotion are included. These elements help to reach the consumers and define the appropriate product positioning in their minds. (Ampuero & Vila, 2006)

Positioning may include different elements which depend on the positioning strategies. This can be global, foreign, and local consumer culture positioning where the attributes such as design, package and performance can have different functions and purposes. However, the main goal of positioning is to provide a successful presentation and explanation on why the consumers should buy a particular product. Therefore, the package and packaging design aims at consumers' attention, whereas the positioning helps the company to place the products properly in the market.

## **Packaging functions**

Packaging has many functions in different departments. It has its most essential roles in logistics and marketing due to the fact that these two units are strongly connected to the endusers of the product. The task of the package is to sell the product by attracting attention and to allow the product to be contained, utilized, and protected (Silayoi & Speece 2004, p. 610).

Bill Stewart (2004) defines three prime functions of the package:

- 1, To contain

The aim of the package here is to achieve integrity. It means that the product stays in the same condition and does not change its basic form and use, due to the influence of external factors

The task of containment is ongoing throughout the product life cycle, from production to the end user and customer. The package function „to contain“ is convenient and beneficial to the consumer as it increases consumer confidence in the contents of the package and the product.

## 2, To protect

Protecting the product is a key function of packaging. The protection task is performed not only for physical factors such as transit, but also for environmental influences – moisture, gases, light, temperature, and other. Here, the package choice depends on the nature of the goods, distribution and types of hazards it will encounter. Some of the benefits this function can provide for a product are extended shelf life and freshness.

## 3, To identify

The role of identification is to provide the consumer with information about the product. Product identification has a description of the contents and consists of product use and legally required information. To some extent, this function can have a promotion role that stimulates the desire to purchase a product and can also assist product branding.

## **Marketing tool**

Product design is an important marketing variable. It is also a vital instrument in modern marketing activities for consumer goods (Rundh, 2009). To be successful in today's increasingly competitive marketplace, the product design, namely appearance, should include the preferences of consumers (Creusen&Veryzer&Schoormans, 2010). Packaging provides an attractive method to convey messages and information about the product attributes to customers (Silayoi&Speece, 2007).

Bloch (1995) says that the importance of product design is crucial to the success of a product. It ensures consumer attention for the product, communicates information, and it provides sensory stimulation. (Holmes and Paswan, 2012) discusses that an exclusive and unique package design is a way for a new product to be noticeable among familiar packages offered by competitors. The design of a package contributes to the communication of value and has a strong influence on sales of a particular product. The package and package benefits are essential instruments in marketing strategies.

## **Packaging as a decision making process**

Packaging plays a critical role in the purchasing decision. Silayoi and Speece (2007) deem that in cases when the consumer is undecided, the package becomes a vital factor in the buying choice because it communicates to the consumer during the decision making time. The way how the consumer perceives the subjective entity of a product through communication elements conveyed by the package, also influences the choice and is the key factor for successful marketing strategies (Mets, 2010).

Murphy (1997) indicates the importance of package design and its influences on consumer decision making process. Murphy distinguishes a two-step decision process the consumer follows during shopping for convenience-packaged products. First step is to decide to examine the product carefully after finding it on the supermarket's shelf. Here, the package design has the power to initiate consumer examination of the product. The second step includes direct experience with the product where the package becomes a "salesman". Hence, the package and packaging design are involved in the consumer selection and purchasing intent. (Holmes et al., 2012).

As extrinsic cue, packaging can provide accessible and potentially diagnostic information for product evaluation purposes when consumers are unfamiliar with the intrinsic attributes of a product. Thus a consumer shopping for products in an unfamiliar category, or considering a less familiar brand, is likely to evaluate the packaging for these products more closely than they would a more familiar brand. Richardson's (1994) research found support for consumers' extrinsic cue dependence during evaluation of less familiar brands. Consumers relied more on extrinsic cues (i.e. packaging with associated perceived price, advertisement, etc.) in their evaluation of less familiar products.

### **2.2.2.4 Store Image**

The most commonly accepted academic definition of store image is that of Baker, Grewal, and Parasuraman (1994) who depicted it as "an individual's cognition and emotions that are inferred from perceptions or memory inputs that are attached to a particular store and which represent what that store signifies to an individual consumer." Therefore, customers perception of retail

store image is a combination of a store's functional qualities and the psychological attributes which consumers link to these (Mazursky & Jacoby (1986).

Store image can greatly influence consumers' attitude or image toward the brand and the product itself because retailers are the most important channel that customers encounter and the store provides the basic environment and direct experience for consumers to see, touch and interact with the product. In real situation, a favourable store image can positively influence customers' buying decision and behaviour while unfavourable store image negatively influence their behavior. As Dodds et al. (1991) mentioned, there is a positive relationship between store image and perceived quality.

Dimensions frequently included in the store image concept, except for store atmosphere, are for example customer's image of facilities, clientele, convenience and products. These dimensions are explained by several attributes, for example, a product can be explained by the attributes of price, quality, design and range. Creating an appealing store image that speaks to one's customer segment is important for retailers in order to attract customers (Peter and Olson, 2005). Attracting customers and differentiating one from competitors have become increasingly important. The store image is also something that continually needs changes as shopping behavior and competition changes. (Peter and Olson, 2005) The key for a successful store image is to create an image that matches with the targeted consumer's expectations and with the overall objectives. A well-managed store image is crucial because it affects:

- ✓ The store position in the mind of the consumer
- ✓ Customers store preference
- ✓ How often and from how far customers visit the store
- ✓ Customer loyalty

The better the image of the store is the more the customers will be attracted to it (Newman and Cullen, 2002).

The customer's image of himself or herself also plays a major role in the store image concept. The store image needs to send signals of belongingness to the customers. Social factors are very important here, as customers tend to choose stores that fit their self-image or their desired self-

image (Newman and Cullen, 2002). A common method when observing the most important store dimensions for a particular store is to look for congruency elements connecting the targeted customers self-image to the store image. If there are strong connections between the self-image and the store image the level of store loyalty will be higher. For example, people who emphasize individuality look for stores who share the same dimension. The store choice will be made based on connections between important elements in their self-concept and stores with an image that share these personal values.

A favorable store image does not only affect purchase behavior in a positive way, it can also provide the customers with “added value”. Benefits in the sense that customer’s feel that a particular product is worth more when it is bought from a certain store. For example, some people might feel restrained telling friends that they bought a chair from a low-fashion furniture store located in a suburban area outside town. As it feels much better telling them that, the chair is bought from a fancy furniture store in the city centre, even though the chair is cheaper in the non-fancy store. Buying from the fancy furniture store gives the customer a feeling of “added value” because the image of that particular store is high and it matches with the preferred self-image of the customer. A favorable store image does not only act as a competitive advantage, customers are also prepared to pay more for the products and it gives the retailer an advantage when discussing with suppliers (Davies and Ward, 2002).

In the opinion of Schiffman and Kanuk (2004), when consumers have no other information about a product, they often trust the judgement of the merchandise buyers of a store with a favorable reputation, and depend on them to have made careful decisions in selecting products for resale. Roselius (1971) states that consumers can reduce risk by buying the brands that are carried by a store which is viewed as dependable, and that they should rely on the specific reputation of the store.

## **2.5 Development of Hypothesis**

### **Perceived price**

The influence of the price factor on the customer’s choice of bottled water brand is the key rational factor influencing the brand choice and building trust in customers through fair pricing has a positive long-term effect. In fact, for some customers, the price is the main factor when

choosing the bottled water brand. For most, however, there is a direct trade-off between price and quality. According to Mullarkey (2001), if the brand is of sufficient quality, customers will pay a higher price, some customers' sense value if the price is low, whereas others perceive value if there is a balance between quality and price. Moreover, According to Du Plessis& Rousseau, (2007); Monroe, (2012) consumers evaluate the price with the expected value from the product to enhance the intention to purchasing decision process (Du Plessis& Rousseau, 2007; Monroe, 2012). The level of the perceived price is varying between customers because it based on social and economic factors (Maxwell, 1995).

\*H1 There is significant association between perceived price and consumers' purchase intention.

### **Brand image**

The company's brand name is a fundamental indicator of the success of the water processing companies. Brand image is a set of human characteristics associated with a brand. According to Keller, a brand name sometimes captures the central theme or key association of a product in a very condensed and reasonable manner therefore it is a very significant choice (Keller 1993).

\*H2 There is significant association between brand image and consumer perception and purchase intention.

### **Taste**

Another important factor for bottled water is its taste; many people prefer bottled water simply because of its taste and odor (Foote 2011). Bottled water, packed in a dedicated source or plant, may have a more consistent taste than tap water, which comes from surface sources and must travel through pipes to reach homes (EPA 2005). Brand loyalty is very high as all the products differ in taste. Therefore, the perception of water quality is an important factor when choosing the bottled water to drink.

\*H3 Taste of bottled water positively influence consumer perception and purchase intention

## **Packaging**

Another factor noted by several authors is the packaging of the product, according to Vieira, (Vieira, 2015) packaging materials and shapes are found to attract attention; particularly when consumers are not very familiar with the brands, pictures on packages are emphasized to attract attention.

\*H4 Bottled water packaging has a positive effect on consumer perception and purchase intention.

## **Advertising**

Advertising is also an important marketing element in the bottled water industry and everyone should realize the role that advertising plays in modern life (Kotler 2012). In today's dynamic world, it is almost impossible for advertisers to deliver an advertising message and information to buyers without the use of advertising. Certainly, this may be because of the globalization and accessibility of hundreds of channels for the viewers of this modern era. Today, people mostly rely on advertisements rather than other sources (Zhang 2015). Creating a marketing message of a brand promotion would be more likely able to attract the attention and, thus, trust of the target market on that brand (Marketeers Editor, 2012).

\*H5 Promotional activities of bottled water positively influence consumer perception and purchase intention.

## 2.6 Conceptual framework

Based on the above discussion and theoretical explanation ,it can be concluded that perceived price,packaging, advertisement, store image,perceived quality, perceived risk, perceived value, are related to consumers purchase intention towards bottled water products which lead to the formation of framework for the present study as depicted in Figure 1

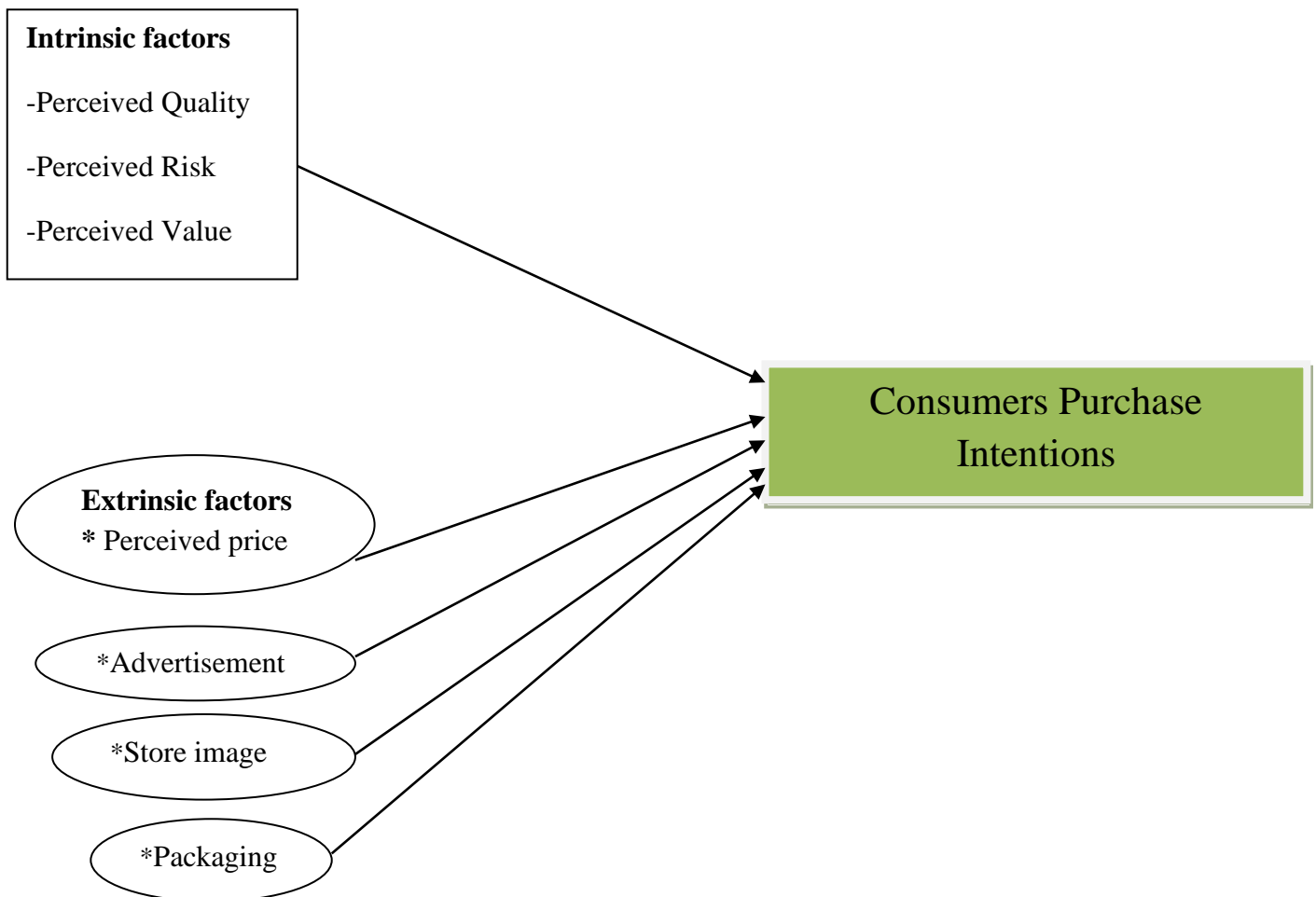


Figure 2.1: Conceptual framework adopted from Chaniotakis, Lympelopoulos, and Soureli, (2010); Beneke, (2008); Chen, (2008)

# **CHAPTER THREE**

## **3. RESEARCH METHODOLOGY**

### **3.1 Introduction**

This third chapter deals with explaining the research methodology that will be implemented for the purpose of this study. It explains the research approach, design and methods of the study. It will also present the population and sampling technique, The third section contains a description of the sample and the data collection procedures while the last section presents the statistical methods which are used to analyze the data and, it will state the ethical considerations to be followed while carrying out the research.

### **3.2 Research Approach and design**

As Creswell (2003) explains that in quantitative studies, one uses theory deductively and places it toward the beginning of the plan for a study. With the objective of testing or verifying a theory rather than developing it, the researcher advances a theory, collects data to test it, and reflects on the confirmation or disconfirmation of the theory by the results.

Therefore quantitative study is selected to do this study as to gather as many responses as possible from bottled water drinkers to answer the research questionnaire and it is more appropriate for large scale issues and cost effective.

The purpose of this research is to identify the factors that respondents perceive to be important in their purchase intention of bottled water products. The study employed a descriptive and explanatory method research design which followed and embodied both qualitative and quantitative phases or method . The quantitative phase took care of the survey by administering of questionnaires as data collection technique to collect some numeric values. The qualitative phase which is an interpretive philosophy adopted a case study approach to determine some findings from subjective issues bothering on the study, In order to find the relationship among variables, this research has been conducted using descriptive survey.

### **3.3. Population and Sample design**

#### **3.3.1 Target Population**

In this study the target population (unit of analysis) are all individual consumers who are occasional and/or regular users of bottled water ,which means people who often uses and drinks bottled water, basically in the city of Addis ababa.

#### **3.3.2 Sampling Technique**

The sample focuses on respondents from specific cafeterias, Gym, University with a technique used non probability convenient sampling, as it is relatively quick, convenient, and less expensive for collecting data (Sekaran and Bougie, 2009).Convenience sampling is used to obtain a sample of element because it is impossible to estimate or calculate the probability of the selection for each element in the population.However, in such a sampling, there is no assurance that every element has some specifiable chance of being included.

#### **3.3.3. Sample size**

The sample size is directly proportional to the desired confidence level of the estimate( $z$ ) and to the variability of the phenomenon being investigated, and it is inversely proportional to the error that the researcher is prepared to accept (Corbetta, 2003). When the size of the population is unknown and previous researches are unavailable to agree on the variability of an estimate over all possible samples, the sample size is designed for the least favorable case  $p = q = 0.5$  (Corbetta, 2003). Since the population is infinite the following formula is used based on the suggestion of Corbetta (2003) in determining the standard deviation, 95% confidence interval, and 5% sampling error in calculating the sample size.

$$n = z^2 p q / e^2$$

Where:

n = required sample size

z = Degree of confidence (i.e., 1.96)<sup>2</sup>

p = Probability of positive response (0.5)

q = Probability of negative response (0.5)

e = Tolerable error (0.05)

Therefore:

$$n = (1.96)^2 * 0.5 * 0.5 / (0.05)^2$$

$$n = 3.8416 * 0.25 / 0.0025$$

n = 384.16.... Respondents Respondents ,from this we can use 70% Which means 268.8, Mugenda & Mugenda (2003) deem a response rate of 70% ,or higher to be excellent.

### **3.4 Data Collection and Analysis**

#### **3.4.1 Data Sources**

Data sources are classified into two; primary and secondary sources. Primary data sources include data obtained from the questionnaire, interviews, observation, and experiments (Kothari, 2004). Secondary data sources include publications such as books, journals, and articles. The data for this study was obtained from two sources, primary and secondary. The primary data is collected from the research participants through structured self-administered questionnaire which were adopted from Chaniotakis, Lymperopoulos, and Soureli, (2010).

The following study used both primary and secondary sources. Questionnaires was used to collect data on factors affecting Consumers perception and purchase intention towards bottled water in Addis Ababa whereas different publications such as journals and articles were used for literature and construct the hypothesis.

### **3.4.2 Data Collection Procedure**

The primary instrument for data collection in this research is questionnaire. Questionnaires allow people to express their opinions, ideas, and feelings towards certain issues freely (Hair et al., 2007). The primary instrument for data collection in this research is questionnaire form using 5-point Likert scale with anchor of (1) „strongly disagree“ to (5) „strongly agree“ which can reduce variability in the results that may be differences and enhances reliability of the responses. The first section will include data regarding respondents' age, gender, income, education level and family size. The next part of the questionnaire will include respondents rate and their perception towards intrinsic factors of the bottled water products including quality, risk and value. Questions regarding perception of extrinsic factors of bottled water products will also be discussed i.e. perceived price, advertisement, packaging, and store image are also included.

### **3.4.3 Data Analysis**

Data analysis refers to the inspection and transformation of data intending to uncover useful information (Oso&Onen, 2008). All statistical procedures was conducted using Statistical Package for Social Science (SPSS) software. The study will use both descriptive and inferential statistics. Descriptive statistics will be used to summarize the characteristics of the population of the study. It will be used to indicate percentages, frequencies, means, and standard deviations for data collected from the survey. Inferential statistics namely correlation and regression will be used for the analysis of the variables. Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables. Regression analysis will be used to understand the extent of the effect of the independent variables on the dependent variable. The model specification was as follows:  $Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$ , where Y= dependent variable,  $\alpha$ = constant,  $\beta$ = the Regression standardized coefficient of each variable and x= independent variables.

## 3.5 Reliability and Validity Analysis

### 3.5.1 Reliability

Reliability is a measure of conceptual stability and consistency. According to Poilt and Hungler (1993), Reliability assesses the degree of similarity between data collected from respondents and literature reviews provided as part of a particular study and is used to assess the usefulness of data collected within a study. In order to test the internal consistency of variables in the research instrument Cronbach's alpha coefficient was calculated. As Zikmund, Babin and Griffin (2010) state scales with coefficient alpha between 0.6 and 0.7 indicates fair reliability. Overall, the internal reliability coefficients for the entire constructs are moderate strong to very strong as all alpha coefficients are more than 0.7. Thus, the internal reliability test indicates that all of the measures adopted have internal consistency reliability. The internal reliability test of perceived quality, perceived value, perceived risk, perceived price, advertisement, store image and purchase intention are above 0.7, which is acceptable as the minimum level of 0.6 for further analysis. Thus, we can conclude that all the items that used to measure the 8 constructs are stable and consistent.

**Table 3.1: Reliability Analysis of Variable**

<b>Variables</b>	<b>Cronbach's alpha coefficient</b>	<b>Number of items</b>
Perceived quality	0.793	6
Perceived risk	0.747	3
Perceived value	0.843	2
Perceived Price	0.652	4
Packaging	0.859	4
Advertisement	0.717	4
Store Image	0.610	2
Purchase Intention	0.83	3

### **3.5.2 Validity**

Validity deals with the extent to which an instrument measures what it is supposed to measure (Leedy&Ormrod, 2005). Content validity is good if the instrument contains a representative sample (Kothari, 2004). A pilot testing was conducted by selecting and implementing the instrument on a few selected sample from the target population. Based on the findings of the pilot testing, misleading questions were identified, eliminated or amended. Pearson's correlation was used to check the construct validity.

### **3.6 Ethical Considerations**

In any given situation ethical considerations should be followed appropriately to maintain the integrity of the study as well as the population of the study. The respondents were informed of the study's objective and for their privacy, they were not required to disclose their names. Every respondent was be able to take part in the survey of their own free will. Furthermore, the researcher avoided misleading or deceptive statements in the questionnaire. Every response collected was presented without any adjustments or changes to keep the integrity of the study. The objective of this study was solely educational, and the data will not be misused in any manner by the researcher.

# **CHAPTER FOUR**

## **RESULT AND DISSCUSION**

This chapter presents the data analysis and discussion of the research findings. The findings of the study are measured against the objectives and questions of the study.

The data analysis was made with the help of Statistical Package for Social Science (SPSS v. 16). Its followed by descriptive statistics analysis, comparing mean analysis (i.e. independent t-test and ANOVA) and other analyses (i.e. correlation analysis and multiple linear regressions).

In order to make the collected data suitable for the analysis, all questionnaires were screened for completeness. All returned incomplete questionnaires were considered as errors and removed from the survey data. Out of the 300 distributed questionnaires, 268 were collected. During data editing, the collected questionnaires were checked for errors and 18 incomplete questionnaires were identified and discarded. Therefore 250 questionnaires were found to be valid and used for the final analysis.

### **4.1 Descriptive Analysis**

#### **4.1.1 Demographic Profile of Respondents**

Before starting the analysis of the data some background information such as demographic data, is useful in order to make the analysis more meaningful for the readers. The samples of this study have been classified according to several background information collected during supplementary questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents, proportion of males and females in the sample, range of age, income, education level, and family size from the purchase intention. In this study some of demographic related question such as (gender, age, education, and income) were related with other questions to make analysis from different perspectives. Each frequency distribution of demographic variables is presented below.

**Table 4.1 Profile of Respondents**

Variables		Total Respondents	
		Frequency	Percentage
Gender	Male	133	53.2
	Female	117	46.8
	Total	250	100.0
Age(in years)	18-25	88	35.2
	26-35	86	34.4
	36-45	42	16.8
	46-55	26	10.4
	56 and Above	8	3.2
	Total	250	100.0
Education	Primary School Education	19	7.6
	High school Education	55	22.0
	Diploma	67	26.8
	First Degree	86	34.4
	Masters and Above	23	9.2
	Total	250	100.0

*source: SPSS out put 2023 for both table*

**Table 4.2Income of Respondents**

	Frequency	Percent
Less than 5000 birr	42	16.8
5001=10,000 birr	62	24.8
10,001=15,000 birr	59	23.6
15,001=20,000birr	40	16.0
Over 20,000 birr	11	4.4
Dependent on family	36	14.4

<b>Total</b>	<b>250</b>	<b>100%</b>
--------------	------------	-------------

Table 4.1 shows the demographic profile of 250 respondents. In terms of gender, respondents were roughly proportionate between male and female, even though the numbers of male respondents are a bit higher (female 46.8 %, male 53.2%). Regarding the age of respondents, the sample population is largely dominated by the age group of 18-25 (35.2%) followed by the group within the age group of 26-35 (34.4%). This implies that most of the sample respondents are youngsters. The rest of the respondents consists, 8 (3.2 %) with the age of 56 and above, 42(16.8%) in between the age of 36 and 45 and 26(10.4%) is in between 46 and 55.

Table 4.2 shows the profile With respects to income distribution of respondents', a majority (24.8%) earn between 5,001 to 10,000 ETB, with 4.4 earning over 20,000 ETB, 23.6% earning between 10,001 to 15,000 ETB, 16.8% earning less than 5,000 ETB, 16% earning between 15,001 to 20,000 ETB, and the remaining 14.3% dependent on family.

#### **4.1.2 Descriptive statistics of study variables**

One statistical approach for determining equivalence between groups is to use simple analyses of means and standard deviations for the variables of interest for each group in the study (Marczyk, Dematteo and Festinger, 2015). The mean indicates to what extent the sample group on average agrees or does not agree with the different statement. The lower the mean, the more the respondents disagree with the statement. The higher the mean, the more the respondents agree with the statement.

**Table 4.2 Summary of Descriptive Data**

Mesurement itmes	
<b>Percived Quality</b>	4.04
I think quality is important thing when I buy water products	3.86
It is important for me to buy high quality water products	3.79
I think bottled water products have clearly stated their ingredient	3.76
I think bottled water product seem to be good in quality	3.75
I think botteld water product are organic and pure	3.78
<b>Over all perecvied quality</b>	<b>3.83</b>
<b>Percived risk</b>	
When I choose bottled water I choose very carefully	3.76
The relative expensivness of bottled water suggests to me that they	3.54
I am uncertain which botteld products provide real value for money in terms of Product quality	3.41
<b>Over all perecvied risk</b>	<b>3.57</b>
<b>Percived value</b>	
When I buy water product I would insure that I am getting my money Worth it	3.77
I always check prices among brands to ensure I acquire the best value for money product	3.44
<b>Overall percived price</b>	<b>3.63</b>
<b>Packaging</b>	
It is important to visually display product that has attarctive packaging	4.23
I think the packaging of bottled water look similar to the other products	4.09
I like to buy a bottled water product that has attarctive packaging	3.56
I think bottled water products have equally good packaging	2.77
<b>Overall packaging</b>	<b>3.70</b>

<b>Advertisement</b>	
I think advertsiment is important when I buy botteld water	3.82
My decision to purchase is influnced by advertisment	3.65
The meassge on advertsiment attempts to persude me to buy botteld water	3.74

I trust on the message given by the advertisement	3.11
<b>Overall advertisement</b>	<b>3.63</b>
<b>Store image</b>	
I think store image is important when I buy bottled water products	3.74
Positive characteristics of bottled water product come up quicker when I see the product shown on the display	3.36
Overall	<b>3.55</b>

Based on the descriptive data in Table 4.2, perceived quality (M=3.83) becomes the most important criteria in consumers' purchasing of bottled water products, followed by packaging (M=3.70), advertisement (M=3.63), perceived value (M=3.63), perceived risk (M=3.57), store image (M=3.55) and perceived price (M=3.52). Meanwhile, purchase intention (M=3.83) bottled water products is slightly above average.

The mean score for perceived quality was relatively high (3.83). This indicates that perceived quality is integral in the mind of consumer in the purchasing decision because they believed that high quality product give reduced purchase mistake and assures them security of the bottled water products consumed, thus built a trust relationship to the particular products. All the six items that measure perceived quality contributes almost equally to the overall mean.

Next to perceived quality, the mean score of packaging is higher (3.70). This indicates that packaging is perceived as the most important factor among consumers in order to form their purchase intention of bottled water. Although, the visual display of actual product nutrients (ingredients) in the packaging scores a higher mean, the other items that measure packaging contributes significantly to the grand mean. The result indicates that consumers purchase intention is motivated by the clear description of the nutrient (ingredients) on the package and its attractiveness. Therefore, if the package seems clear they might perceive that the water is clean and good for drinking.

Advertisement scores a mean of 3.63. This indicates that most respondents are influenced by advertisement. The result indicates that respondents think advertisement is important when they buy bottled water products.

Perceived value with mean score of 3.63 indicates that most people are value sensitive that they would ensure to getting best value for money during the purchasing process of bottled water products. Therefore, they might check and compare the price of different bottled water products before purchase.

The other variable that scores higher mean (3.57) is perceived risk. Result shows that respondents are less willing to take risk so they tend to think twice in selecting and purchasing bottled water products. In addition, consumers acquire more information about the product especially when there are similar quality bottled water products in the market. Therefore, the more product information, the more likely consumers are willing to purchase because it could enhance purchase intention and reduces purchase risk.

Consumers perceived store image mean score of 3.55 implies that it is important when buying bottled water products because store image reflect the images of retailers where it might influence the perceived quality of products they carry and the decisions of consumers as to where to shop. Respondents were also found to be price sensitive (M= 3.52) probably due to the increasing cost of living. Most respondents think that price is perceived to be important in order to enhance their purchase intention.

### **4.3. Regression Analysis**

In order to see contribution of factors that consumers perceive to be important in affecting their purchase intention of bottled water products, multiple linear regression analysis was employed. Purchase intention was used as the dependent variable while factors which are perceived to be important in purchasing bottled water products were used as the independent variables. Tables 4.4 provide the results of the multiple regression analysis.

Similarly, the ANOVA table (see Appendix 2) shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of 25.80 and p- value (.000), which is less than  $p < 0.05$  the model is significant. This indicates that the variation explained by the model is not due to chance. As it is stated earlier in this chapter, this study aims to identify the most contributing independent variables in the prediction of the dependent variable. Thus, the strength of each predictor (independent) variable influence on the criterion (dependent) variable can be investigated via standardized Beta coefficient. The

regression coefficient explains the average amount of change in dependent variable that is caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has, the more support to the independent variable as the more important determinant in predicting the dependent variable.

Compared to coefficient of determination or R-square, Adjusted R-square is more reliable in measuring a regression model's goodness of fit. The main disadvantage of using coefficient of determination or R-square is more to do with bias of number of independent variables included into the model, which implies that the more independent variable added into the model, the more R-square increasing. Worst of all, this condition does not take into consideration whether independent variable included is significant or insignificant influencing dependent variable. Meanwhile, that situation will not apply in the case of using Adjusted R-square (Pallant, 2010).

The R-square value only indicates the variance in overall consumer purchase intention of bottled water products as it is explained by the independent variables. However, when we see the extent to which each independent variables influence the dependent variable, packaging, perceived quality, perceived value, perceived price, advertisement, was found to be the determinant factors which are perceived to be important in the purchasing decision of bottled water products, in their descending order referring packaging as the most important underlying factor of purchase intention.

**Table 4.4: Regressions for Consumers Purchase Intention**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.146	.176		2.143	.000
Perceived Risk	-.148	.057	-.143	-2.608	.110
Perceived Value	.237	.054	.232	4.386	.000
Perceived Quality	.359	.071	.279	5.030	.000
Perceived Price	.163	.045	.198	3.668	.000
Packaging	.356	.061	.311	5.839	.000
Advertisement	.116	.050	.129	2.323	.021
Store Image	-.039	.046	-.046	-.857	.392

Dependent Variable: Purchase Intention

*Source: SPSS output 2023*

## Regression result

According to Table 4.4, the regression standardized coefficients for the five independent variables, i.e. packaging, perceived quality, perceived value, perceived price and advertisement, are 0.311, 0.279, 0.232, 0.198, and 0.129 respectively. Their significance levels are 0.000, 0.000, 0.000, 0.000, 0.000, and 0.021 respectively, which are less than 0.05. This indicates significant relationship between them and the dependent variable (consumers purchase intention). Since, coefficients of the predictor variables are statistically significant at less than five percent; alternative hypotheses related with packaging, perceived quality, perceived value, perceived price, advertisement, were accepted and the remaining two alternative hypotheses (which are related with perceived risk and store image) were rejected.

## **4.5 Underlying Factors Affecting Purchase Intention Based on Respondents' Profile**

In order to achieve the objective that aims to examine if there is a difference between the demographic profile of consumers and the factors they consider to be important in influencing their purchase intention, two inferential statistics techniques were employed. The independent t-test and one-way ANOVA were applied to compare demographic characteristics and investigate how they are related with perceived risk, perceived value, perceived quality, perceived price, packaging, advertisement and store image.

T-test is used to test mean differences between two groups. In general, t-test requires a single dichotomous independent variable and a single continuous dependent variable (Marczyk, Dematteo and Festinger, 2005). Thus, t-test were used to compare mean difference between gender and underlying factors perceived to be important in forming consumers purchase intention. Similarly, ANOVA is a test of mean comparisons. In fact, one of the only differences between a t-test and an ANOVA is that the ANOVA can compare means across more than two groups or conditions (Marczyk, Dematteo and Festinger, 2005). Hence, OneWay ANOVA analysis between the factors perceived to be important in consumers purchasing decision and five age groups, five educational levels, six income groups, and four family size groups were executed.

### **4.5.1. Underlying Factors of Purchase Intention Based on Gender**

As it is shown in table 4.6, the mean difference between male and female subjects with regard to the variable perceived value is 0.01848. The result of independent sample t-test shows that the mean difference between male and female subjects with the variable perceived value is significant; at p value is 0.002, which is less than 0.05. This result indicates that perceived value is perceived to be important in forming purchase intention by female consumers than male bottled water consumers. The mean difference between female and male for the remaining six variables is not significant as their p values are more than 0.05 (see table 4.6). This shows that the factors that are perceived to be important in forming purchase intention of female and male subjects are almost similar.

**Table 4.6: Independent sample t-test between gender and underlying factors of purchase intention**

	Gender	N	Mean	Std. Deviation	Mean Difference	t- value	Sig.(p)
Perceived Risk	female	117	3.5299	.65676	-.07660	-.959	.597
	male	133	3.6065	.60558		-.954	
Perceived Value	female	117	3.5598	.58414	.01848	.209	.002
	male	133	3.5414	.78104		.213	
Perceived Quality	female	117	3.7735	.52771	-.10369	-1.619	.189
	male	133	3.8772	.48500		-1.610	
Perceived Price	female	117	3.4231	.67869	.04902	.533	.199
	male	133	3.3741	.76353		.537	
Packaging	female	117	3.6261	.45678	.02456	.386	.368
	male	133	3.6015	.53922		.390	
Advertisement	female	117	3.6026	.94124	.04429	.411	.730
	male	133	3.5583	.76059		.406	
Store Image	female	117	3.5470	.71914	-.00186	-.019	.219
	male	133	3.5489	.80450		-.019	

Source: SPSS software 2023

#### 4.5.2. Underlying Factors of Purchase Intention Based on Age

The result of the analysis shows that there is a significance difference between age group of respondents with regard to the factors packaging and store image. As table 4.7 shows there is significant difference between different age groups and packaging at  $F=2.434$ , significance level 0.048, which is less than 0.05. And also with store image at  $F= 3.288$ , significance level 0.012. The bottled water purchase intention of respondents who are in different age groups is affected by the factors packaging and store image. For the remaining five factors, the result shows that the influence is the same among different age groups of respondents. Respondents who are in the age category of 36-45, give more attention for packaging, as mean score 3.8095 shows (See Appendix 4). Respondents who are in the age group of 46-55, give more attention to the place where they buy bottled water products, as mean core of 3.6731. This might be because middle age peoples believes that the place where they buy things reflect their personality.

**Table 4.7: One Way ANOVA between Age and Factors Perceived to be Important in Purchase Intention**

		Sum of Squares	df	Mean Square	F	Sig.
Perceived Risk	Between Groups	1.454	4	.364	.915	.456
	Within Groups	97.353	245	.397		
	Total	98.807	249			
Perceived Value	Between Groups	1.198	4	.299	.617	.651
	Within Groups	118.927	245	.485		
	Total	120.125	249			
Perceived Quality	Between Groups	2.256	4	.564	2.237	.066
	Within Groups	61.767	245	.252		
	Total	64.022	249			
Perceived Price	Between Groups	3.843	4	.961	1.858	.118
	Within Groups	126.692	245	.517		
	Total	130.535	249			
Packaging	Between Groups	2.393	4	.598	2.434	.048
	Within Groups	60.227	245	.246		
	Total	62.620	249			
Advertisement	Between Groups	5.555	4	1.389	1.959	.101
	Within Groups	173.698	245	.709		
	Total	179.252	249			
Store Image	Between Groups	7.409	4	1.852	3.288	.012
	Within Groups	138.015	245	.563		
	Total	145.424	249			

Source: SPSS output 2023

#### 4.5.3. Underlying Factors of Purchase Intention Based on Educational Background

ANOVA result in table 4.8 shows that there is no significant difference between the respondents educational level and the factors they consider to be important in influencing their purchase intention as their p value >0.05. This means that among the different educational level groups and the factors that consumers perceive to be important in forming purchase intention. According to the finding of the research, there are no factors which are perceived differently among respondents, who are in different educational groups. In the 46 researcher's opinion this is because, since most of the respondents are well educated, their perception of the factors which are perceived to be important in initiating purchase intention is almost similar (perceived similarly).

**Table 4.8: One Way ANOVA between Educational Level and Factors Perceived to be Important in Purchase Intention**

		Sum of Squares	df	Mean Square	F	Sig.
Perceived Risk	Between Groups	2.450	4	.612	1.557	.186
	Within Groups	96.357	245	.393		
	Total	98.807	249			
Perceived Value	Between Groups	2.471	4	.618	1.286	.276
	Within Groups	117.654	245	.480		
	Total	120.125	249			
Perceived Quality	Between Groups	1.804	4	.451	1.776	.134
	Within Groups	62.218	245	.254		
	Total	64.022	249			
Perceived Price	Between Groups	2.971	4	.743	1.426	.226
	Within Groups	127.564	245	.521		
	Total	130.535	249			
Packaging	Between Groups	.365	4	.091	.359	.838
	Within Groups	62.256	245	.254		
	Total	62.620	249			
Advertisement	Between Groups	2.545	4	.636	.882	.475
	Within Groups	176.707	245	.721		
	Total	179.252	249			
Store Image	Between Groups	2.534	4	.634	1.086	.364
	Within Groups	142.890	245	.583		
	Total	145.424	249			

Source: SPSS output 2023

#### **4.5.4 Underlying Factors of Purchase Intention Based on Income Level**

The results of the analysis are presented in Table 4.9. From the seven factors significance difference between income levels is observed with regard to four factors (perceived quality, perceived price, packaging and store image). As table 4.8 shows different income groups perceive perceived quality, perceived price, packaging and store image differently at  $F=2.878$ ,  $3.257$ ,  $5.044$  and  $3.348$   $p<0.05$  which is  $0.015$  respectively.

On the other hand, for the remaining three factors, the result shows that there is no significant mean difference between different income groups with regard to perceived risk, perceived value and advertisement. This indicates that the consideration of the three factors as enhancing purchase intention by different income groups is the same.

**Table 4.9: One Way ANOVA between Income Level and Factors Perceived to be Important in Purchase Intention**

		Sum of Squares	df	Mean Square	F	Sig.
Perceived Risk	Between Groups	1.301	5	.260.000	.651	.661
	Within Groups	97.507	244	.400		
	Total	98.807	249			
Perceived Value	Between Groups	5.185	5	1.037	2.201	.055
	Within Groups	114.940	244	.471		
	Total	120.125	249			
Perceived Quality	Between Groups	3.565	5	.713	2.878	.015
	Within Groups	60.457	244	.248		
	Total	64.022	249			
Perceived Price	Between Groups	8.167	5	1.633	3.257	.007
	Within Groups	122.369	244	.502		
	Total	130.535	249			
Packaging	Between Groups	5.866	5	1.173	5.044	.000
	Within Groups	56.754	244	.233		
	Total	62.620	249			
Advertisement	Between Groups	5.676	5	1.135	1.596	.162
	Within Groups	173.576	244	.711		
	Total	179.252	249			
Store Image	Between Groups	6.676	5	1.335	2.348	.042
	Within Groups	138.748	244	.569		
	Total	145.424	249			

Source: SPSS output 2023

#### 4.5.5 Underlying Factors of Purchase Intention Based on Family Size

As Table 4.9 presents, from the seven factors significance difference between family sizes is observed with regard to perceived value. As table 4.09 shows that perceived differently with in different family sizes at  $F=3.293$ ,  $p<0.05$  which is 0.021. As ANOVA table (Appendix 4) shows the mean score for respondents who have a family size of more than 10 persons is 3.7353, which is the highest compared to respondents in the other family size group. This indicates that, those respondents who have a family size of more than 10 persons give more attention to perceived value when they buy bottled water products.

**Table 4.10: One Way ANOVA between Family Size and Factors Perceived to be Important in Purchase Intention**

		Sum of Squares	df	Mean Square	F	Sig.
Perceived Risk	Between Groups	1.101	3	.367	.924	.430
	Within Groups	97.706	246	.397		
	Total	98.807	249			
Perceived Value	Between Groups	4.638	3	1.546	3.293	.021
	Within Groups	115.487	246	.469		
	Total	120.125	249			
Perceived Quality	Between Groups	.940	3	.313	1.222	.302
	Within Groups	63.082	246	.256		
	Total	64.022	249			
Perceived Price	Between Groups	3.884	3	1.295	2.515	.059
	Within Groups	126.651	246	.515		
	Total	130.535	249			
Packaging	Between Groups	1.341	3	.447	1.794	.149
	Within Groups	61.279	246	.249		
	Total	62.620	249			
Advertisement	Between Groups	2.104	3	.701	.974	.406
	Within Groups	177.148	246	.720		
	Total	179.252	249			
Store Image	Between Groups	.860	3	.287	.488	.691
	Within Groups	144.564	246	.588		
	Total	145.424	249			

*Source: SPSS out put 2023*

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This chapter aims to review the problem of the research and conclude the findings with regard to the objectives of the study. Recommendation that focuses on how the problem identified could be addressed is included in this chapter. Agenda for future researches is also included at the end of this chapter.

#### **5.1 Summary and Discussion of Major Findings**

This study was designed and carried out in order to identify underlying extrinsic and intrinsic factors that are perceived to be important in forming purchase intention of bottled water products in Addis Ababa. According to the study findings, five factors: packaging, perceived quality, perceived value, perceived price and advertisement were identified as a major factors that consumers of bottled water products perceive to be important in influencing their purchase intention towards bottled water products. Us so the result of correlation and regression analysis we conclude that the variables are interlinked and interrelated .However, the influences of packaging and perceived quality, in their purchasing decision, were more important than the other factors. This finding is consistent with the findings of other researchers in different areas. As a matter of fact, people are becoming more and more demanding; packaging has gradually shown its important role in a way to serving consumer by providing information and delivering functions. With its different functionality to ease and to communicate with consumers, there is no doubt about increasingly important role of packaging as a strategic tool to attract consumers'' attention and their perception on the product quality.

With regard to the influence that intrinsic attributes may have on consumers'' perceptions and purchase behavior, it should be said that the perception of quality is the other most important factor next to packaging, with a complex process that begins with the acquisition and classification of signals that are associated with the intrinsic attributes, such as the product's appearance, color, flavor or presentation. However, it should be pointed out that some of these attributes cannot be properly perceived by the individual until the product has been consumed.

The study also finds out that perceived risk and store image has a little(not that much) significant effect on consumers purchase intention of bottled water products in Addis Ababa. Therefore, as per the study findings the place appearance and image where the products are being available for sale and the risk that consumers perceive to incur has significant impact on their intention to purchase bottled water products.

## **5.2. Conclusion**

This study was initiated to investigate the factors that are perceived to be important in influencing consumers' purchase intention of bottled water products in Addis Ababa, Ethiopia. More specifically, in this study seven factors (three intrinsic and four extrinsic factors) are assumed to be more important in influencing consumers purchase intention. The study, as a result, found that the purchase intention of bottled water products is based on many factors.

The results of this study also show the association between almost all independent variables and purchase intention towards bottled water products. Furthermore, the examination of the results of regression analysis indicated that factors, packaging, perceived quality, perceived value, perceived price and advertisement positively affect consumers' purchase intention depending on their order of importance from most determinant factor to the least. From this finding, it can be concluded that packaging (extrinsic factor) is the most important element which highly influence the consumers' buying behavior. Packaging describe information about product like where it was made, when it was made, what it contains, and how it to use etc. (Robben, 1997). Now a days the role of packaging has changed due to increasing changes in the consumer desires. More companies are using packaging as a tool to increase their sales. This research discovered that the package elements are the most important factor to influence the consumer's purchase decision. Producers also used printed information in packaging as a promotion of the bottled water product. A good packaging helps to identify product to the consumers. Packaging is used for easily delivery and safety purposes. The producer use the packing for the consumer satisfaction to covey that the product is original meaning that the product is new. Rundh said in 2005 that good packaging catch consumers perception about specific products.

Moreover, most consumers purchase bottled water for its perceived quality (intrinsic factor). It is the perception of a consumer about the overall excellence and superiority of a product which is

directly related to his/her purchase intention. Perceived quality is a good indicator of the product's durability, reliability, precision, and other valued attributes. Therefore the perceived quality of the bottled water products definitely determines consumers purchase intention.

The study also revealed that perceived value (intrinsic factor) is an important criterion in consumers' purchasing bottled water products. This finding indicates that most people are value sensitive that they would ensure to getting best value for money during the purchasing process of bottled water products. Therefore perceived value is an important factor in consumers' purchasing decision process, and consumers will buy a product with high perceived value.

The regression analysis result also indicated the positive effect of perceived price and advertisement (extrinsic factors), on consumers' purchase intention. The role of price in consumer evaluation of product alternatives and their ultimate buying decision is a multidimensional one (Monroe, 1976). Consumers consistently use price as a predictor of quality, particularly when they have limited knowledge of product category offerings. On the other hand, regarding advertisement, it can be concluded that the more consumers are exposed to advertisements, their intention to buy bottled water products will increase. The advertisement persuasion effect could be the reason for consumers' preference for the product.

A look at the influence of each independent variable revealed that only five independent variables significantly predict purchase intention towards bottled water products. Perceived risk (intrinsic factor) and store image (extrinsic factor) were found to be less considered in the choice of bottled water brand among consumers of Addis Ababa. This shows that consumers give less attention about the risk they incur when they buy bottled water products and also the image of the place or store they buy from.

From the findings of the research, of those three intrinsic factors (i.e. perceived quality, perceived value and perceived risk), consumers perceive quality and value to be important in influencing their purchase intention towards bottled water products. And from the four extrinsic factors (i.e. packaging, perceived price, advertisement, and store image), consumers perceive packaging, price and advertisement to be important in affecting their purchase intention.

The finding of the study shows that there is a significance difference between consumers of bottled water products who belong to different age groups with regard to packaging and store

image. Middle age people believe that the place where they buy things reflect their personality. The study also concludes that there is significant difference between the respondents' educational level and the factors they consider to be important in influencing their purchase intention. Perceived quality, perceived price, packaging and store image perceived differently among different respondents with different income group. The research also concludes that those respondents who have a larger family size give more attention to perceived value when they buy bottled water products. This result also indicates that value is perceived to be important in forming purchase intention by female consumers than male bottled water consumers.

### **5.3. Recommendations**

This study investigated the influential variables of intrinsic and extrinsic cues that motivate consumers' purchase intention towards bottled water products. Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence consumers purchase intention. The recommendations given are the following:

- Based on this result, bottled water companies have to put in more effort to create an attractive packaging shape, size and design; using more distinctive and upscale new packaging; creative and up-to date logos. It is well acknowledged that consumers' product preferences may be based on package design attributes, and hence, design is essential for the success of a product. These realizations have driven the current growing interest for packages and design issues among marketers and researchers.
- The labeling on the package can be a useful tool to attract consumers. Health and environmental conscious consumers might seek for a brand that preserves the environment. Therefore, if the package design and label of a product communicate a company's effort to preserve the environment, those consumers who perceive packaging as a purchase intention motivator will definitely choose to buy bottled water products.
- since perceived quality is in the mind of the consumers, companies should inform them by clearly stating their ingredients such as the percentage of each ingredient contained in the bottled water.

- In fact, many researchers considered perceived value an important factor for marketing companies. It is because perceived value can be a differentiation and competitiveness to a company. Furthermore, consumers can change their attitudes and feelings from judging a product through advertising to product and create perceived value. Thus, if consumers can get trustworthy perceived value in the process of product consumption, it will create a good product image, loyalty, profit and competitiveness to a business.
- Today, although non-price factors are becoming increasingly important since people have more parameters to consider, price remains significant and essential. The influence of price as a product cue is usually greater when little else is known about the product, and decreases when consumers have extensive information from which to base a decision. Therefore the more product information, the more likely consumers are willing to purchase because it could enhance purchase intention, in spite of the price charged.

#### **5.4 Limitations and Directions for Further Studies**

Every research has certain limitations therefore it is necessary to acknowledge them before moving on to generalizations of findings. There is limitation with regard to sample size and sampling technique used. This research is limited by the fact that a small sample of participants was selected it may not fully represent the behavior of the entire population (all bottled water consumers). As the convenience sampling was used, bias may exist. If the random sampling was used, it would contribute a higher credibility of the results. Moreover, since the majority of the respondents are well educated and youngsters (18-35), generalization to other groups might not be applicable.

While the study relates to the factors that consumers perceive to be important considered in purchase intention of bottled water products, it has only focused on seven factors (three intrinsic and four extrinsic). As per different researches in different times, so many other factors can enhance consumers purchase intention towards bottled water products. Of these, the most influential factors include, familiarity, Income, perceived economic situation, overall attitude of consumers, origin of the water, convenience, biological desire to drink water in a specific situation, trust on the product etc.

The research, however, has more rooms for improvement. Further research could be conducted to a different product category, expanded to a larger sampling size or geographical area so that

the result may be reflective of the actual buying pattern of consumers and to generate higher outcomes of the confidence level.

Gathering the data by using different qualitative methods such as in- depth interview, or focus group discussion is recommended to uncover other variables that might have an impact on consumers purchase intention in order to be able to dig deeper insights and information.

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## Appendix

### Questionnaire

Dear Participant

This questionnaire is designed to collect data on the factors perceived to be important in affecting consumers' purchase intention of bottled water products in Addis Ababa. The research paper is intended for the partial fulfillment of Master Degree in Marketing Management at Addis Ababa University. The information gathered will be accessed only by the student researcher and will be kept strictly confidential. The result of the study will used for academic purpose only.

#### **Part I. Demographic Data (please put a “√” mark on the box that best describes you)**

1. Gender: Female  Male

2. Age: 18- 25  26- 35  36-44  46-55  56 and above

3. Educational Background: Primary education  Secondary education  Diploma

First Degree  Masters and above

4,Monthly income in ETB <5000  5001 -10,000  10,000-15,000  15,000-20,000

20,000>

5. Family Size: Alone  <5persons  5-10persons  >10persons

## Part II. Factors Perceived to be Important in forming Consumers' Purchase Intention

Please select the degree of agreement/disagreement with the following statements associated with factors that you perceive to be important that affect your purchase intention. **(encircle the alternative number that best describe your view)**

	Measurement Items	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
	<b>Perceived Quality</b>					
1.	I think quality is an important criterion when I buy bottled water products	1	2	3	4	5
2.	It is important for me to buy high-quality bottled water products	1	2	3	4	5
3.	I think bottled water products have clearly stated their ingredients such as how much the percentage of each ingredient contain in the product	1	2	3	4	5

4.	I think bottled water products seem to be good in quality	1	2	3	4	5
5.	I think bottled water products are nutritious such as high in minerals	1	2	3	4	5

	<b>Perceived Risk</b>					
1.	When I am considering bottled water products, I will choose very carefully	1	2	3	4	5
2.	The relative expensiveness of bottled water products suggests to me that they may have less risks, such as being more good for health	1	2	3	4	5
3.	I am uncertain which bottled water products provide real value for money in terms of product quality	1	2	3	4	5

	<b>Perceived Value</b>					
1.	When I buy bottled water products, I would ensure that I am getting my money's worth	1	2	3	4	5
2.	I always check prices at the supermarket among brands to ensure I acquire the best value for money product	1	2	3	4	5

	<b>Perceived Price</b>					
1.	I think price is important when I buy bottled water products	1	2	3	4	5
2.	I compare prices among different bottled water products when I choose one	1	2	3	4	5
3.	The price of bottled water products is higher than the average market price that it is supposed to be	1	2	3	4	5
4.	I assume that I incur extra cost when I buy bottled water products	1	2	3	4	5

<b>Advertisement</b>						
1.	I think advertisement is important when I buy bottled water products	1	2	3	4	5
2.	My decision to purchase is influenced by advertisement	1	2	3	4	5
3.	The message on advertisement attempts to persuade me to buy bottled water products	1	2	3	4	5
4.	I trust on the message given by the advertisement	1	2	3	4	5
<b>Store Image</b>						
1.	I think store image is important when I buy bottled water products	1	2	3	4	5
2.	Positive characteristics of bottled water product come up quicker when I see the product shown in the supermarket	1	2	3	4	5
<b>Purchase Intention</b>						
1.	I would buy bottled water products in order to insure premium quality	1	2	3	4	5
2.	I will consider to purchase bottled water products	1	2	3	4	5
3.	I will definitely consider buying a bottled water product	1	2	3	4	5