

# A Study on the Factors Influencing Consumers' Purchase Intention towards Carbonated Soft Drink Brand in Sri Lanka

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## Abstract

With the continuous growth of competition in the market place, understanding customers has become more and more important in marketing. The main purpose of this study was to examine whether there is customer Purchase Intention in the Carbonated Soft Drink brand; and if so, what are the factors that contributed for customers' Purchase Intention. In this study factors examined are intrinsic factors which include Perceived Quality, Perceived Value, Perceived Risk and Extrinsic Factors which include perceived price, Packaging, Brand Image and Advertisement. A quantitative method was applied where for data collection structure questionnaires were used. 200 questionnaires were issued and collected data were analyzed using SPSS v.19.0 Descriptive analysis was used for data analysis. Result shows that Intrinsic and Extrinsic Factors significantly positively correlated with customer Purchase Intention and by 72.8% intrinsic and extrinsic factors impact on customer Purchase Intention concluded by recommending that marketers should focus more attention on extrinsic factors, because of its effects on customer retention. 'Brand image' becomes prominent in consumers' purchasing of Carbonated Soft Drink brand, followed by other factors Advertisement, Perceived Quality, Price, Perceived Risk, Perceived Value and Packaging. The findings proposed useful information to marketers to help them develop effective marketing strategies to enhance the purchasing behavior toward Carbonated Soft Drink brand.

**Keywords:** - Intrinsic factors, Extrinsic factors, Purchase Intention, Carbonated Soft Drink brand

## Introduction

According to Dodds and Monroe (1985), purchase intention is a behavior tendency of a customer who is intended to purchase a product. Purchase Intention is an important indicator of actual purchase behavior. Nowadays companies are more concerned on individual consumer behavior. It helps them to yield information about how the consumers think, feel and choose their products. There are thousands of brand a consumer use in his /her life. The main objective of this research is to determine the factors that affect consumers' Purchase Intentions towards carbonated soft drink brand in Sri Lanka. Many business organizations are operating in a highly competitive marketplace. Drucker (1999) states that the basic function of marketing is to attract and retain customers at a profit. Carbonated Soft Drinks have become essential part in lifestyle of the people in the society. There are number of Carbonated Soft Drinks brands are available in the market. In those brands, some brands are very famous not only in Sri Lanka but also globally. The "Carbonated Soft Drinks" Market in Sri Lanka is a very competitive &

challenging market with a well established local player (Ceylon Cold Stores – Elephant House) and with 2 multinational giants (Coca-Cola beverages Sri Lanka & Ole Spring Bottlers – Pepsi). The main competing brands fighting for the similar consumption needs are Coca-Cola, Pepsi Cola, Fanta, EH Cream Soda, Necto, Sprite&7up. Consumer behavior studies focusing on soft drink brand is very limited especially in the Sri Lankan context. This study is therefore intended to close this gap in the literature, which is aimed to investigate the influence of intrinsic and extrinsic product cues on consumers' purchase intention of Carbonated Soft Drinks brand in Sri Lanka.

#### **Problem statement**

There are numerous factors influences on purchase intention toward specific brand. But, the important question for a marketer is “do all these factors significantly influence the consumers Purchase Intention?” And in some factors marketers can influence directly but in some factors marketers can't influence directly. Therefore, it is essential for a marketer to find out the extent to which factor creates Positive change in intention to purchase the brand of the company.

#### **Objectives of this research**

1. To determine factors perceived to be important in the purchase of Carbonated Soft Drinks products.
2. To know the impact of Intrinsic and Extrinsic factors on Purchase Intention.

#### **The research questions are following:**

1. What are the key factors affecting consumer Purchase Intention for Carbonated Soft Drinks in Sri Lanka?
2. Whether Intrinsic and Extrinsic Factors influence on their Purchase Intention toward carbonated soft drinks?

### **Literature Review**

#### **Purchase intention**

Consumers' buying decision is very complex. Usually Purchasing Intention is related with consumers' behavior, perception and their attitude. In academic research, Purchase Intention is used to predict the purchase behavior (Schlosser, 2003 as cited in Morwitz, Steckel & Gupta, 2006). Nevertheless, it also becomes a significant concept in marketing (Morrison, 1979). Marketers have to concern about the prediction of customers' purchase behavior in order to do market forecasts, strategic decisions and other for both existing products and new products (Tirtiroglu & Elbeck, 2008). Purchase behavior is an important key point for consumers during considering and evaluating of certain product (Keller, 2001). Ghosh (1990) stated that Purchase Intention is an effective tool use in predicting purchasing process.

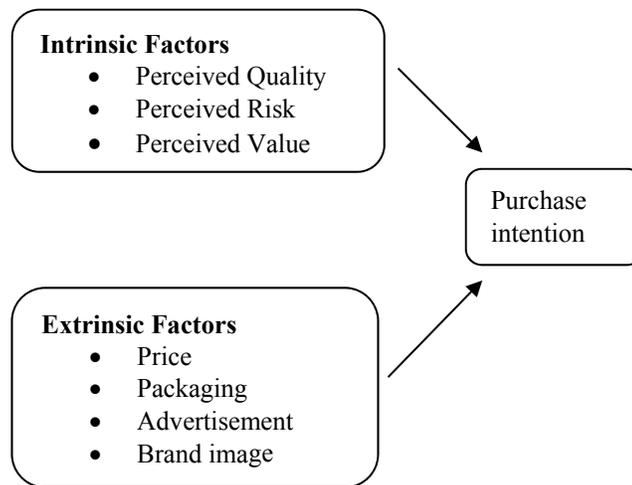
#### **Intrinsic factors of the product**

Intrinsic factors consist of Perceived Value, Perceived Quality, and Perceived Risk. Intrinsic factors such as soft drink content represent product-related attributes that forms part of the product and cannot be altered in any way without tampering with properties of the product. Intrinsic is defined as being part of the natural of something (Longman Dictionary, 2004). Intrinsic factor is related to physical product characteristics where it includes perceived quality, risk and value. Price premiums, the excess prices paid over and above the “fair” price that is justified by the “true” value of the product (Rao and Burgen, 1992; cited in Vlosky et al., 1999), may be indicators of consumers' demand for that product (Tse, 2001)

### Extrinsic factors of the product

Extrinsic factors of the product include 'perceived price, packaging, store image, and advertisement. Dodds and Monroe (1985) found that price is an important cue to quality when other cues available are limited, when the product cannot be evaluated before purchase, and when there is some degree of risk inherent in making wrong choice; a key variable that influences consumers' Purchase Intention (Zeinab & Seyedeh, 2012). According to Kotler and Keller (2006) a brand is defined as a name, term, sign, symbol or design or a combination of these intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of competitors. Schrorer (as cited in Fill, 2009) argues that firms can use advertising spend to maintain or destabilize demand equilibrium in a market; influence brand awareness and consumer traffic towards a brand (Clark, Ulrich & Draganska, 2009). Packaging may be viewed as an integral part of the product and is the first point of contact with the brand especially consumer product (Rundh, 2005).

### Conceptual Framework



(Developed for the study purpose)

### Methodology

This research is limited to the Batticaloa district and questionnaires distributed to the 200 soft drink consumers who are in Batticaloa district according to the random sampling method. Structured questionnaires will be used to collect data. Simplest way to measure the variable considered in this research study was the use of questionnaires with five point Likert scale. Univariate measures such as Mean, and standard deviation used to analyze the data. The obtained data presented through SPSS19 Package. Based on the value indicated in the Questionnaire, mean value may lie in the range between 1-5, that is, strongly disagree to strongly agree.

H1. Extrinsic factors significantly influence on Purchase Intention toward Carbonated Soft Drinks products.

H2. Intrinsic factors significantly influence on Purchase Intention toward Carbonated Soft Drinks products.

## Data Presentation and Analysis

Table 1: Reliability analysis

Factor	Cronbach's Alpha
Intrinsic	.736
Extrinsic	.745
Purchase Intention	.826

The analysis indicates that both independent and dependent variables have Cronbach's alpha greater than 0.60. Sekaran (2003) posits that the result of reliability tests below 0.60 is considered to be poor, whereas if it is greater than 0.60 it can be acceptable and if the results of reliability show range between 0.86, it is considered a good result. Table 2 suggests that Out of these 200 respondents 60% of the respondents were male and remaining 40% were female and majority of the respondents were between 21-30 years old which make 40%. Among them 46% of the respondents had the qualification of up to A/L, 10.5% of them had completed their Ordinary Level examination. In occupation, 11% were professionals, 26.5% were government employees, 16% were private sector employees, 32.5% of respondents were students, and remaining 14% were considered under as others.

Table 2: Personal information

		Frequency	Total in % (n=200)
Gender	Male	120	60
	Female	80	40
Age	15-20	20	10.0
	21-30	80	40.0
	31-40	41	20.5
	41-50	35	17.5
	above 50	24	12.0
Educational Qualification	G.C.E O/L	21	10.5
	G.C.E A/L	92	46.0
	Graduate Studies	60	30.0
	Postgraduate	27	13.5
Occupation	Professional	22	11.0
	Government	53	26.5
	Private Sector	32	16.0
	Students	65	32.5
	Others	28	14.0

Table 3: Mean and Standard deviation of each variable

Factors	Mean	Std. Deviation
Price	3.398	.7094
Packaging	3.090	.5576
Advertisement	3.300	.8840
Brand image	3.540	.9673
<b>Extrinsic</b>	<b>3.332</b>	<b>.5427</b>
Perceived Quality	3.368	.7237
Perceived Risk	3.413	.5147
Perceived Value	3.198	.8695
<b>Intrinsic</b>	<b>3.326</b>	<b>.5201</b>
Purchase Intention	3.240	1.0855

The analysis in table 3 shows, Brand image (M=3.54, S.D.=0.96) becomes the most important factor in consumers' purchasing of Carbonated Soft Drink brand, followed by perceived risk (M=3.41, S.D.=0.51), perceived price (M=3.39, S.D.=0.70), perceived quality (M=3.36, S.D.=0.72), advertisement (M=3.30, S.D.=0.88), Perceived Value (M=3.19, S.D.=0.86), packaging (M=3.09, S.D.=0.55) and. Meanwhile, Over all Extrinsic Factors (M=3.33, S.D.=0.54) and purchase intention (M=3.24, S.D. =1.08) towards Carbonated Soft Drink brand is just average.

This finding indicates that in the most people willingness to purchase the Carbonated Soft Drink highly influenced by the brand image and less important factor in influencing the Purchase Intention of carbonated soft drink is packaging .As These factors became the source of product information (Munusamy and Wong, 2008;)Further Mean of all 7 variables are above moderate level, therefore relationship between variables and Purchasing Intention is positive. The most influential factor for Purchase Intention is Extrinsic factors followed by Intrinsic factors.

Table 4: Correlation between independent and dependent variables

Purchase Intention	Price	Packaging	Advertisement	Brand Image	Extrinsic	Perceived Quality	Perceived Risk	Perceived Value	Intrinsic
Pearson Correlation	.512	.228	.667	.705	.811	.618	.310	.550	.695
Sig. (2-Tailed)	.000	.001	.000	.000	.000	.000	.000	.000	.000

Extrinsic factor plays the most significant role when purchasing Carbonated Soft Drink brand followed by Intrinsic factors. Following on Table 4 thorough analysis can be made. We can conclude that all of the variables associates with Purchase Intention positively correlate with Purchase Intention. Brand image leads the way with .705 followed with advertisement with.667, Perceived Quality.618, Perceived Value .550, Price .512.The least important factors Perceived Risk 0.310 and Packaging .228. Packaging shows least relationship with Purchase Intention, this contradicted with the research of Ampuero and Villa (2006) and Grunert el at (2006). This maybe because of increasing homogenous products makes no difference between every product (Uusitalo, 2001).Therefore, packaging least influence on consumers' Purchase Intention of Carbonated Soft Drink.

Table 5: Regression analysis. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.853 <sup>a</sup>	.728	.718	.5764

The analysis in table5 shows a regression coefficient R Square.728, which suggests a relation between Independent variables and dependent variable. The coefficient of determenation (R2) of 0.728 indicates that72.8% of the total variances for the estimation of consumer Purchase Intention of Carbonated Soft Drink brands are explained.

Table 6: Coefficients

	Price	Packaging	Advertisement	Brand Image	Perceived Quality	Perceived Risk	Perceived Value
B	.264	.159	.297	.411	.291	.183	.124
.Sig	.000	.049	.000	.000	.000	.037	.035

According to Table 6, the strongest predictor of Carbonated Soft Drink brand was brand image (b=0.411) followed by advertisement (b=0.297)and Perceived Quality (b=0.291) all of them which P value is less than alpha at 0.05.Price also indicate prediction of purchase intention. The least predictor of Carbonated Soft Drink brand was packaging (b=0.159) followed by perceived value (b=0.124).

## Conclusions and Recommendations

The objective of this study is to identifying influence factor on customer Purchase Intention toward Carbonated Soft Drink brands. There is a significant relationship between the Intrinsic and Extrinsic factors and customer Purchase Intention. The most influential factor for Purchase Intention of Carbonated Soft Drink brand is Brand image. Other variables that followed are Perceived quality, advertisement, Price and Perceived Risk in the order of preference. Variables packaging and Value are the least important factors. However, the result of this study shows that all of the used variables and Purchase Intention associated with one another positively. The results indicate that Marketers should invest more on developing Brand image in order to the Customer Purchase Intention. Marketers are anticipated to better understand the

factors influencing the purchase and re-purchase intention of Carbonated Soft Drink brands which could better improve the standard of Carbonated Soft Drink brands in the market place.

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