

Examining the Effects of the Offline Corporate Brand and Online e-Service Delivery on Consumer Trust in e-Retailing

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Abstract

The objective of this study is to examine the influence of brand image-website image congruency and corporate brand strength together with consumer perceptions of e-service quality on the development of consumer trust towards e-service providers. We propose a conceptual framework and perform an empirical analysis of responses from 414 consumers of e-services in the e-retail sector using structural equation modelling (SEM). Data were gathered via an online questionnaire and the results indicate that corporate brand strength, followed by e-service quality and brand image congruency were found to be the strongest determinants of online trust.

Keywords: Corporate branding, service brand, brand strength, image-congruency, e-service quality, Website trust, e-commerce

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Introduction

Although the literature indicates a number of factors related to the characteristics of the firm and the customer as predictive of online trust, little work has focused on examining e-service quality perceptions and the role of the corporate brand and image congruency on trust formation. This is particularly important since brands, and the effect brands have on consumers, can possibly negate or at least reduce perceived risks and have a reassuring effect on customers (Davis et al. 2000). This point is further emphasized by Berry (2000), who claims trust is at the core of the value that a strong brand provides to its consumers because it enables them to understand the offering and to face the perceived risk associated with buying and consuming the product. Thus, branding has the potential to serve as an anchor for trust (Delgado-Ballester and Munuera-Aleman 2001), increasing commitment to the e-service provider. Accordingly, we theoretically develop and empirically test an integrated framework to understand specific determinants (i.e. brand strength, brand image congruency and e-service quality) of trust. First, this study builds on the call by Bart et al. (2005) and Mukherjee and Nath (2007) for work to examine the effects of brands together with website interface design factors on trust formation. Second, this study builds on the work of Fassnacht and Koese (2007) which calls for future studies on trust to investigate e-service quality in a more detailed fashion than assessing overall judgements of e-service quality. Specifically, we examine the research question: To what extent does e-service quality and corporate brand strength and corporate brand image-website image congruency influence consumer trust in a websites that delivers e-service?

Theoretical Framework and Hypotheses

Branding is a well-known strategy which signals the firm's ability to deliver a product/service that performs as promised (Lee et al. 2005). We adopt the notion of brand strength as referring to a consumer's psychological assessment of the firm as a brand. A strong brand is essentially a promise (Berry 2000), and in this sense, when the consumer perceives the brand (corporate or otherwise) as being a strong brand they will in effect place greater trust in that brand and its associated activities. Such activities include online also. The role of corporate branding in this sense becomes critical, as strong brands increase consumer trust because consumers are willing to rely on the website to deliver on the brands' promises and perform its basic functions as promised. As indicated by Berry (2000), a strong brand is a surrogate when the company offers nothing tangible to touch, a point particularly relevant to websites. A point also identified by Grace and O'Cass (2005) in the context of service brands when they argued that the advantages of strong brands are not limited solely too physical products, but are also critical for service brands, a point we extend to be relevant to corporate brands and e-service.

We contend here that the positive image and reputation of the name (corporate brand) of the company operating the website and the company's physical presence may transfer to the Internet setting and contribute to developing website trust (Aiken and Boush 2006; Yoon 2002). In a similar fashion, Bart et al. (2005) found that brand strength (i.e. the strength of the association of the brand with the website) is a significant determinant of online trust. This is because consumers may rely on the brand behind the website in order to trust the information and the services offered. Therefore, it can be argued that under conditions of uncertainty, the

integrity of the online retailers' corporate brand is critical in enabling customers to gain online trust.

We explore the role of what we term corporate brand strength through the lens of involvement and attitudes towards the corporate brand. Within consumer behavior, involvement is an important concept and has been used extensively to help explain various aspects of consumer behavior (Evrard and Aurier 1996). In an e-commerce context, it has been found that involved consumers are more concerned with a website if the information, and other attributes delivered via the website, are related to the object of involvement (i.e. 'the brand') (Balabanis and Reynolds 2001; Hoffman and Novak 1996). For example, e-service attributes such as information content and visual design, which are related to the brand, are more likely to attract the interest and engage with involved consumers more than those not involved, since these consumers are motivated to gain and process more information about the brand on the website; possess higher exploratory behaviour in the website, exhibit more extensive information search habits and conduct online purchases (Balabanis and Reynolds 2001; Jee and Lee 2002; Richards and Chandra 2005). On this basis, we argue that such engagement with the e-service reduces perceived risks and uncertainties associated with communicating and transacting with the e-service provider because of their level of trust. Thus, we view both corporate brand involvement and brand attitudes as two sides of the same coin and important in understanding brand strength. In this sense, strong brands are then more likely to become meaningful with meaningful objects known to be associated with positive attitudes (Mick and Faure 1998; Mittal and Lee 1989) and involving. Importantly, as consumers engage in contemplative assessments, some consumers will assess a brand as being significant to their life and on that basis, brand strength is likely to in part, contribute to the formation of a favourable overall assessment of trust in the offerings of the firm. Thus,

Hypothesis 1: *Corporate brand strength will positively influence consumers trust in the firm's website*

For some time now, the notion of image congruence has been a major focus of consumer research (largely focused on person-product congruency). Congruity theory advocates that consumer behavior is determined, in part, by the congruence resulting from a psychological comparison involving the image of (at least) two objects (Sirgy et al. 1997). In this context, high self-congruity occurs when the two images are perceived to match. However, although image congruity theory has been tested across many product categories (such as shoes, clothing, cars, cameras soft drink, beer, credit card, and so on) and even retail stores (O'Cass and Grace 2008), the theory has not been tested extensively in the corporate brand-website image congruency context. Previous research indicates that image congruity can affect consumers' product preferences and their purchase intention (Ericksen 1996) and consumers appear to prefer brands that have compatible images (O'Cass and Lim 2002). Importantly, this view could also be applicable in the context of corporate brand image and website brand image and trust in the service providers' website. Thus, taking the research base developed in the context of products and retail stores and applying this to corporate brand image and website brand image, the congruence between corporate brand-image and website brand-image would also be positively related to consumers' trust in the website. That is, the more similar the images between corporate image to website-image, the more favourable the evaluations of that website and the more trust consumer will develop in the site. Thus,

Hypothesis 2: *Corporate brand-image website brand-image congruency positively influences consumers' trust in the firm's website.*

The study of e-service quality to-date has shown that customers appear to primarily evaluate the e-service offering based on the attributes of the website interface, i.e. the service encounter. Fassnacht and Koese (2006) broadly describe e-service quality as the degree to which an electronic service is able to effectively and efficiently fulfil customer needs, but further provide a definition of e-services describing them as services delivered via information communication technologies where the customer interacts solely with an appropriate user interface (i.e. the website). Therefore, the focus of e-service quality evaluations by consumers' are made predominately via the website interface and as such, the website design is a critical issue because of its trust building role. Despite the growing interest in e-service quality, only a limited number of studies have investigated the e-service quality-trust relationship. For example, Fassnacht and Koese (2007) explored the relationship between overall e-service quality and online trust. However, Yoon (2002) specifically found that website characteristics had a positive influence on website trust, as did Bart et al. (2005) who also found specific website characteristics were influential determinants of consumers' trust. Based on the above discussion, it can be argued that positive assessments of e-service quality by consumers positively influence the development of website trust. Thus,

Hypothesis 3: Perceived e-Service Quality positively influences consumers' trust in the firm's website

Methodology

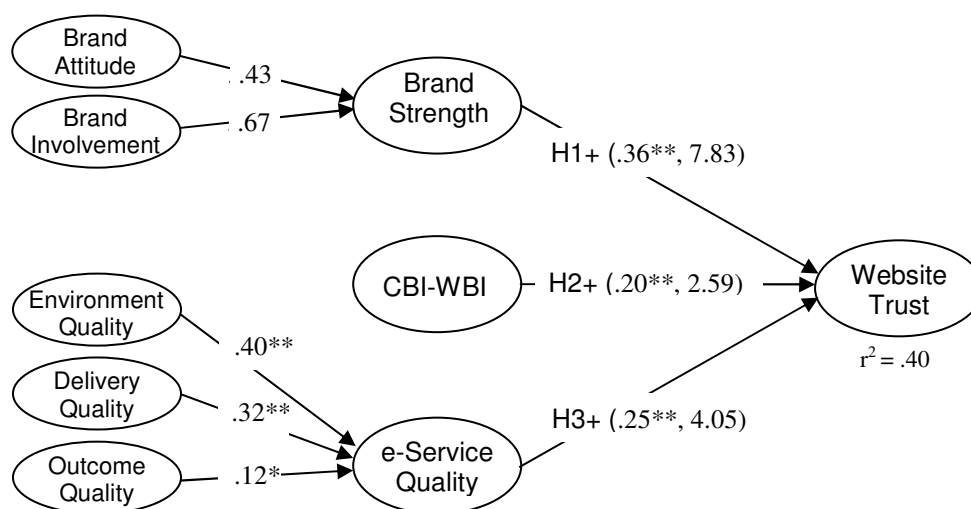
Data were collected from members of a market research panel. Respondents were sent an email invitation to participate with an embedded link to the website hosting the survey and were asked to based there assessment on their most recent e-service experience with an e-retailer. The choice of retrospective experience sampling is consistent with previous studies investigating e-service issues (Bauer et al. 2006; Yi and Gong 2008). Items used to measure corporate brand image-website image congruency were adapted from Loacono et al. (2007). We conceptualised the measure of corporate brand strength as a type II formative construct (Jarvis et al. 2003) which is formed by two first-order constructs (1) corporate brand attitude and (2) corporate brand involvement which adopt reflective indicators. The items used to measure corporate brand attitude were adapted from Grace and O'Cass (2005) and Bart et al. (2005). Items used to measure e-service quality were drawn from Fassnacht and Koese (2006), and according to this framework, e-service quality is conceptualized in a hierarchical framework which includes 3 dimensions as second order factors (i.e. Environment Quality; Delivery Quality and Outcome Quality) represented by 9 sub-dimensions as first order factors. An evaluation of these dimensions would contribute to customers' overall (i.e. global) perception of e-service quality. The measurement of website trust was adapted from Bart et al. (2005) and used two items focusing on consumers overall trust in the website and the trustworthiness of the site. All items were measured via seven-point scales ranging from strongly disagree (1) to strongly agree (7).

Analysis and Results

Data were collected from 414 actual consumers and an analysis of the demographic variables indicates 61% of respondents were male (39% female) and ages ranged between 15 years to 55+. Partial Least Squares (PLS), was used to assess the adequacy of measurement models of the focal constructs and the predictive relevance of the conceptual model, and thereby test the hypothesized relationships. PLS was appropriate as the main objective of the study was concerned with maximizing the prediction of respective constructs to predict the contribution of various antecedents on online trust. In this study, we assessed the adequacy and

significance of outer-measurement models (the relationships between the observed indicators and the construct they measure) and the predictive relevance of individual paths and the structural model. Consequently, the adequacy and significance of reflective outer-measurement models were assessed through an examination of a range of indices including individual indicator loadings, composite reliability, average variance explained (AVE), bootstrap t-statistic, convergent validity, and discriminant validity which exceeded all identified benchmarks. The results of the hypothesis testing revealed that the individual r^2 for endogenous variables were acceptable and β 's were $>.10$ and the AVA (.47) was acceptable for the inner model. Overall, the results used to evaluate the hypotheses indicate that all hypotheses (H1–H3) are supported. The model was also found to explain a large proportion of the variance associated with the online trust construct ($r^2 .40$).

Figure 1 – Model Results



AVA= .47

** $p < 0.01$; * $p < 0.05$; values in parentheses are t-values, Average Variance Accounted for (AVA) = $>.10$

DISCUSSION, IMPLICATIONS AND CONCLUSIONS

Overall, the findings provide significant insights concerning the relationships among corporate brand strength, corporate brand-image website-image congruency, e-service quality, and website trust. The results of the study strongly support the important role of brand-related variables in e-commerce showing that brand strength positively influences online trust, thus supporting H1. Building on the initial work of Bart et al. (2005) in exploring the effects of the strength of the brand, we provide further insight into the impact of brand-related variables (i.e. brand attitude and brand involvement) in e-service frameworks. Thus, this study contributes to the further theoretical development of brandings influence in ICT service environments. In addition, this study adopts a formative measurement approach to the brand strength construct to improve model specification. The findings also show that consumers who perceive the website to project an image consistent with the company's brand image also tended to show higher levels of online trust than those who did not perceive the website in the same way, supporting H2. This finding highlights the importance of ensuring strong

congruence between the corporate brand-image and website brand-image to build consumer trust in the website. To the best of our knowledge, this is the first study to examine the impact corporate brand-image and website brand-image on trust formation in an e-service environment. Thus, we provide a deeper integrative understanding of how image congruency influences trust formation during the specific time of interacting and consuming the e-service. The findings also suggest that e-service quality facilitates the development of trust, thus supporting H3. That is, when consumers perceive the website to deliver a quality e-service, the consumer forms a positive perception of trust towards the website. This result supports previous research that global judgments of e-service quality influences trust (Fassnacht and Koese 2007).

This study contains some limitations in that we adopt a uni-dimensional measure of trust. Future research could extend our research model to examine multifaceted conceptualizations of trust. For example, research in information systems and marketing have suggested that trust includes dimensions like ability, benevolence and integrity (Schlosser et al. 2006), as well as cognitive trust and emotional trust (Komiak and Bennisat 2006) and therefore, future studies could adopt a multi-dimensional approach. Second, the research model is validated based on the data collected from a single organization within a single context being the e-retail sector, thus limiting generalizability of the findings. Future studies could overcome this limitation by exploring the system of relationships studied here across different e-service contexts e.g. media and entertainment, finance, travel etc. Finally, another limitation is the cross-sectional research design employed. In any model in which causality is suggested, longitudinal studies provide for stronger inferences (Morgan and Hunt 1994). Thus, longitudinal research should be considered to define the exact causal nature of the interrelationships and provide additional insights.

CONCLUSION

In sum, this research provides a number of contributions to the e-service (website) trust literature. First, we extend the works of Bart et al. (2005), Fassnacht and Koese (2006) and Mukherjee and Nath (2007) to examine the effects of customer brand-related variables together with e-service interface factors such as e-service quality on trust formation. In doing so, we found that corporate brand strength has the strongest effect on online trust formation followed by e-service quality and corporate brand image congruency. Second, building on the work of Bart et al. (2005), we have contributed to the development of measures by conceptualizing corporate brand strength as a multidimensional construct which is measured as a type II formative construct to test the influence this construct has on trust. We contend here that the aspects of the corporate brand (via brand strength [formed through brand involvement and brand attitude] and corporate brand image-website image congruency) are just as critical in developing trust in the e-service as the quality of the e-service itself. Thus, the corporate branding effort of e-service providers is a key issue that needs greater attention in e-services research.

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