The role of product brand image and online store image on perceived risks and online purchase intentions for apparel

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A B S T R A C T
Purchase intentions for apparel products often require physical examination prior to purchase. Hence, greater risk is associated with shopping online for apparel products, making it important to examine factors that reduce various risks influencing online purchase intentions. This study examines and compares the impact of two of the most important risk reducers for online apparel shopping – product brand image and online store image – on specific types of perceived risks and online purchase intentions for apparel. The results show that product brand image influences consumers’ online purchase intentions both directly and indirectly by reducing various risk perceptions. Online store image impacts purchase intentions indirectly by decreasing risk perceptions. The results of this study provide fresh insight into understanding the impact of product brand image and online store image on each type of perceived risk associated with online shopping.

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1. Introduction

The inability to physically examine apparel products when shopping online increases the risk perceptions associated with online shopping as consumers cannot touch, feel, or try on products before purchase. It is clear that consumers often use product brand name (Dawar and Parker, 1994; Greathorex and Mitchell, 1994) and store name (Bolton and Drew, 1991; Teas and Agarwal, 2000) as a surrogate for product quality to reduce their risks and simplify their purchase decision, especially when shopping online where many product attributes cannot be examined directly. However, it is not equally clear how or to what extent brand name and store name impact consumers’ online purchase decisions for fashion apparel.

Product brand image impacts consumers’ perceptions of product attributes (Chattopadhyay and Basu, 1990; Kwon and Lennon, 2009); that is, the evaluation of a product’s attributes can be influenced by the consumer’s impression of the brand’s image (Beckwith et al., 1978). As a result, a strong and favorable brand image can positively bias consumers’ impression of product attributes. Online store image may have a similar effect, also biasing consumers’ perceptions of product attributes. Hence, consumers’ image of the online store selling the product may influence their product evaluations when they cannot examine the product directly. Given the potential for both product brand image and online store image to influence perceptions of fashion apparel products, enhancing product brand image and online store image may be critical to increasing purchase intentions among online apparel consumers.

This study examines the impact of product brand image and online store image on (a) consumers’ perceptions of specific types of risks and (b) their online purchase intentions for fashion apparel products. Specifically, this study examines (1) the direct impact of product brand image and online store image on purchase intentions; (2) the influence of product brand image and online store image on perceptions of three types of risk (financial, product, time) associated with online purchase of apparel products; and (3) the influence of these three types of perceived risk on consumers’ online purchase intentions for apparel products.

A conceptual model, built on the theory of perceived risk, illustrates the potential impact of product brand image and online store image on each of these perceived risks and subsequent purchase intentions for apparel products. Since it has been shown that consumers perceive greater risk in the online shopping environment, particularly for fashion apparel products where physical product evaluation is important, the risk-reducing roles of product brand and online store image on purchase intentions may be significant. This study contributes to our understanding of the theory of perceived risk in online shopping as it broadens
knowledge about the risk-reducing roles of product brand image and store image for fashion apparel products. It also provides fresh insights that may help practitioners design better strategies to reduce these risks.

2. Background and hypotheses

2.1. Product brand image

Product brand image is often defined as “perceptions about a brand as reflected by the brand associations held in consumer memory” (Keller, 1993, p. 3). The favorability of brand associations produces relevant attitudes that transfer to the product. Thus, the more favorable the brand image, the more positive the attitude toward the branded product and its attributes. Furthermore, a favorable product brand image has a positive effect on purchase intentions (Del Rio et al., 2001; Keller, 1993), and consumers are more likely to shop online for products with well-established brand names (Lee and Tan, 2003).

For product categories that typically require physical evaluation, such as apparel, some of the information desirable for making a purchase decision is not available online. Consequently, brand image may serve as an important surrogate for intrinsic product attribute information that is not available online. Therefore, the following hypothesis is developed.

H1. Favorability of product brand image will positively influence online purchase intentions for apparel products.

2.2. Online store image

Store image is the way in which consumers perceive the store based on its functional qualities and environmental attributes (Martineau, 1958). Retail store image and its relationship with consumers’ purchase intentions have been studied for over 50 years, showing a positive relationship between store image and purchase intentions (e.g., Agarwal and Teas, 2001; Bell, 1999; Grewal et al., 1998; Dodds et al., 1991). However, the impact of online store image on consumers’ purchase intentions has not been widely examined. Although few studies have linked the holistic construct of online store image to purchase intentions, different dimensions of online store image have been found to exert a positive influence on purchase intentions. For example, studies have found a positive relationship between purchase intentions and website functional qualities (e.g., product catalog, price comparisons, payment methods) (Liang and Lai, 2002), website design (Richard, 2005), security, privacy, website design, and information content (Ranganathan and Ganapathy, 2002).

Chen et al. (2010) show a positive relationship between online store attributes and purchase intentions for computers, consumer electronics, and communication products/services, concluding that online store attributes such as technology (usability and security) and shopping factors (trust and convenience) influence consumers’ online purchase intentions. Other studies focusing on multichannel retailers show a significant positive relationship between online store image and consumer purchase intention (Kwon and Lennon, 2009; Verhagen and van Dolen, 2009). For example, Kwon and Lennon (2009) examined the effect of vertically-integrated specialty apparel brands’ online store image on consumers’ patronage intention for the brand’s online store. But, Kwon et al.’s study did not address the effect of multi-brand online retailers’ store image. Verhagen and van Dolen (2009) examined online store image holistically, but did not include pure internet players—a considerable segment of online retailing. Addressing this gap in the literature, we hypothesize a positive relationship between consumers’ online store image of a multi-brand retailer and intentions to purchase apparel products from the retailer’s online store.

H2. Favorability of online store image perceptions will positively influence online purchase intentions for apparel products.

2.3. Internet shopping and perceived Risks

Chang et al. (2005) classify the factors that influence consumers’ online shopping decisions, finding that risk was one of the most extensively investigated constructs. Nevertheless, studies of perceived risk report inconsistent findings. Several studies report a negative relationship between perceived risks and online shopping intentions (e.g., Jarvenpaa and Tractinsky, 1999; Kimery and McCord, 2002), while others find no such linkage (e.g., Liao and Cheung, 2001; Miyazaki and Fernandez, 2001). The 45 studies reviewed by Chang et al. (2005) examined either a general conceptualization of risk or focused on only one dimension of risk. Thus, the inconsistencies regarding the influence of perceived risks may be due to the examination of only ‘overall risk’ or limited conceptualization of the risk construct. Examination of the simultaneous impact of various specific dimensions of perceived risk on purchase intentions may shed greater insight on the actual role of perceived risk in the consumer decision process.

Consumers often rely on risk relievers such as the brands or stores that have a good reputation as a means to lessen their uncertainty (Derbaix, 1983). Furthermore, consumers perceive higher levels of risk when shopping online than when shopping in traditional channels (Bhatnagar and Ghose, 2004). Recent research shows that three types of risk – product performance, financial, and time risks – are highly relevant to online shopping (Forsythe and Shi, 2003).

Product risk is described as the loss experienced by consumers when their expectations of a product do not actualize after purchase (Forsythe and Shi, 2003). This risk is largely due to the online shopper’s inability to examine products physically before buying (Bhatnagar et al., 2000), and consumers’ perceived product risk is likely to rise when desired information about the product is limited, when the price is high, and when the consumer cannot adequately evaluate the product (Forsythe and Shi, 2003). Product risk varies across product categories and retail channels. Because apparel product inspection is limited in the online environment, consumers are likely to reduce product performance risk by purchasing well-known brand name products from well-known retail websites. Given that product brand image signals certain product attributes relative to product performance, and online store image signals quality of the products carried, both product brand image and online store image are expected to impact product risk in the online environment.

H3. Favorability of product brand image will negatively influence perceived product performance risk for apparel products in online shopping.

H4. Favorability of online store image will negatively influence perceived product performance risk for apparel products in online shopping.

Financial risk is generally described as a potential loss of money (Forsythe and Shi, 2003) and is common across product categories (Bhatnagar et al., 2004). Financial risk includes issues related to refunds and misuse of one’s credit card information (Forsythe and Shi, 2003). Thus, it is likely that perceived financial risk, derived largely from trust in the online retailer, may be reduced if the online store image is favorable. Studies show that perceived overall risk tends to decrease when online stores use
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