



Influence of thinking tendencies on online transaction of hybrid retailers[☆]

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ABSTRACT

This study examines cross-cultural differences in thinking styles in the context of hybrid retailers (i.e., land-based retailers that augment their retail operations by creating online stores). Prior research indicates that consumers transfer retailer-related associations from hybrid retailers' physical to online stores and that trust in online stores is a critical factor in the online retail environment. Extending such findings, this study uses respondents from South Korea and the United States as representatives of holistic- and analytic-thinking cultures, respectively, and tests whether differences in thinking tendencies influence the transference of trust from hybrid retailers' land-based stores to their online stores. The study uses structural equation modeling to test online consumer behavior models and group differences. The results suggest that the role of trust is more pronounced in holistic-thinking cultures (e.g., East Asians) than in analytic-thinking cultures (e.g., Westerners). The results also show that transference of trust from hybrid retailers' land-based to online stores and the relationship between trust in and attitude toward hybrid retailers' online stores are greater for holistic thinkers than for analytic thinkers. The findings hold implications for research and practice and suggest directions for future research.

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1. Introduction

In the last decade and a half, a vast majority of land-based retailers have transformed into hybrid retailers by expanding into the online retail environment. In addition to managing the operational and strategic challenges associated with a dual-channel approach, understanding online consumer perceptions is of paramount importance for the success of these hybrid retailers (e.g., Wang, Beatty, & Mothersbaugh, 2009). Several studies identify trust as a definitive factor in influencing consumers' online perceptions and behavior (e.g., McCole, Ramsey & Williams, 2009) and note that, analogous to brand extensions, customers of hybrid retailers carry forward their retailer-related associations across channels (e.g., Kwon & Lennon, 2009; Wang et al., 2009). However, little research exists on whether trust in a hybrid retailer's land-based store influences trust in and attitude toward the hybrid retailer's online store and, ultimately, purchase intentions in the online environment. Given the prolifera-

tion of hybrid retailers worldwide, an increased interest in retail globalization, and the diversity in global consumer markets, the role of trust in influencing online transactions in hybrid retailers needs to be addressed across cultures (e.g., Nijssen & Douglas, 2008).

Trust, the belief or expectation that a store will meet its commitments (e.g., Eastlick, Lotz, & Warrington, 2006) influences how consumers behave online (e.g., Ha & Stoel, 2009). Most consumers mention lack of trust as the primary reason for not transacting online (e.g., McCole et al., 2009). One stream of research suggests that trust formation occurs through a transference process in which beliefs about a known entity transfer to a lesser-known, yet related entity (Strub & Priest, 1976), with the process contingent on cross-cultural differences (e.g., Doney, Cannon, & Mullen, 1998). For instance, research on brand extensions suggests that transference of beliefs between closely related entities (i.e., from the parent brand to an extension) varies as a result of differences in thinking tendencies (i.e., the way a person perceives and classifies information) (Monga & John, 2007). Similarly, construing hybrid retailers' land-based and online stores as analogous to parent brands and extensions, this study examines whether consumers' thinking tendencies influence the effect that trust in hybrid retailers' land-based stores has on trust in, attitude toward and purchase intentions for the retailers' online stores.

Drawing support from the theory of reasoned action (TRA) (Ajzen and Fishbein, 1980) and research on thinking tendencies (e.g., Choi, Dalal, Kim-Prieto, & Park, 2003; Nisbett, Peng, Choi, & Norenzayan, 2001) and brand extensions (Aaker & Keller, 1990; Monga & John,

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2007), this study develops and tests a framework that proposes that, for holistic thinkers (see Fig. 1, Model A), trust in a hybrid retailer's land-based store translates comprehensively into trust in the online store. In turn, trust in the online store influences attitude toward the online store and, ultimately, purchase intentions. In contrast, the framework proposes that, for analytic thinkers (see Fig. 1 Model B), trust in a hybrid retailer's land-based store influences both trust in and attitude toward the online store, with attitude toward the online store influencing purchase intentions. The results provide evidence of cross-cultural differences in the transference of trust from hybrid retailers' land-based to online stores and in the relationships among trust beliefs, attitude, and online purchase intentions. The findings yield key theoretical and managerial implications as well as directions for further research.

2. Conceptual background and hypotheses

2.1. Trust

The concepts of uncertainty, risk, and/or vulnerability dominate many conceptualizations of trust (e.g., McKnight, Choudhury, & Kacmar, 2002), including studies on trust in the online shopping environment. Mayer, Davis, and Schoorman (1995, p. 712) define trust as “the willingness of a party [the trustor] to be vulnerable to the actions of another party [the trustee] based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to control or monitor that other party.” This definition implies that trust is composed of expectations (cognitive and/or affective) and a behavioral aspect (e.g., McAllister, 1995). Several studies in the trust literature refer to the expectations dimension as trust beliefs, or simply “trust” (e.g., Doney & Cannon, 1997), and the behavioral aspect as trusting behavior (e.g., McKnight et al., 2002). That is, trust involves beliefs or expectations, based on the characteristics of the trustee, about outcomes that are dependent on the behavior of the trustee, while trusting behavior is based on beliefs or expectations and occurs despite perceived uncertainty, risk, and/or vulnerability (e.g., McKnight et al., 2002). However, because online transactions tend to be impersonal and have low

interdependence, trust beliefs or expectations in online retailing are predominantly cognitive rather than affective (e.g., Mukherjee & Nath, 2007). Thus, trust in a hybrid retailer's land-based store and trust in the hybrid retailer's online store are distinct cognitive variables.

Consistent with studies on trust development and brand extensions, the two foci of trust are likely to be related. Research on brand extensions suggests that consumers' beliefs, attitudes, and behavior pertaining to a parent brand transfer to a brand extension especially when consumers perceive connectedness between the parent brand and the extension (e.g., Aaker & Keller, 1990). The stronger the perceived connection between the parent brand and the extension, the greater the influence of perceptions of the parent brand on perceptions of the brand extension (e.g., Mao & Krishnan, 2006). Analogous to brand extensions, the greater the perceived connection between a hybrid retailer's land-based and online stores, the greater the likelihood that characteristics of the hybrid retailer's land-based store, such as integrity and reliability, carry over to the online store and influence expectations about the online store's future behavior (Kwon & Lennon, 2009; Wang et al., 2009). Similarly, consistent with the transference process of trust development, which postulates that trust in a known entity transfers to a related, yet lesser known, entity (e.g., Strub & Priest, 1976), the greater the degree of perceived relatedness between a hybrid retailer's land-based and online stores, the greater the likelihood that trust transfers from the land-based store to the online store. Yet, just as cultural differences influence the assessment of and importance afforded to relatedness between parent brands and extensions (e.g., Monga & John, 2007), cultural differences can affect the transference of trust from a hybrid retailer's land-based store to the hybrid retailer's online store. The next section discusses the effect of culture on the transference of trust, with particular emphasis on cultural differences in thinking tendencies.

2.2. Trust and culture

Culture – a group's beliefs, norms, and values – influences both information processing and behavior (Hofstede, 1984). Cognitive processes such as learning, evaluating, determining expectations,

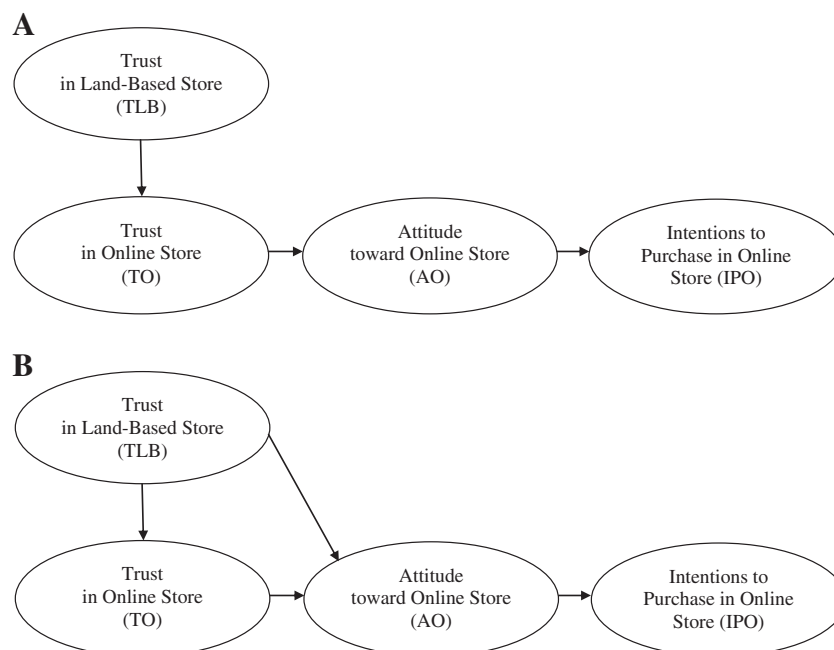


Fig. 1. Model A: The influence of trust for holistic thinkers. Model B. The influence of trust for analytic thinkers.

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