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Brands as substitutes for the need for touch in online shopping

Óscar González-Benito [a], Mercedes Martos-Partal [a,*], Sonia San Martín [b]

[a] Universidad de Salamanca, Spain
[b] Universidad de Burgos, Spain

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ABSTRACT

This article addresses the potential of reputable brands to overcome the lack of tangibility that characterizes the process of e-commerce through an experiment-based analysis. In a sequential argument, the authors propose that (1) the brand becomes more important in online than in offline channels, as a consequence of the intangibility or lack of physical contact in online purchasing processes; (2) the limitations associated with the need for touch and the lack of access to the physical product during the buying process does not have equal importance across all product categories and (3) the role of the brand in online channels thus is more relevant if the product category is associated with a higher need for touch. The study based on the experimental design reveals that leading brands enjoy an advanta in consumers' quality assessments, regardless of the objective attributes that characterize the products. This advantage may be greater in online channels, though only for product categories for which the lack of physical contact with the product during the purchase process is an important limitation. In such cases, brand associations can compensate for intangibility during purchase.

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1. Introduction

The evaluation of alternatives is a key stage in the consumer purchase process. The intensity with which this evaluation gets performed depends on multiple factors, including consumer experience, perceived purchase risk, product type, the recommendations of other consumers, or the purchase context (Darley et al., 2010; Engel et al., 1978). Physical contact with products is an important source of information for consumers during the stages prior to the purchase decision, especially for evaluating different alternatives, establishing preferences, and making choices (Childers and Peck, 2010; Peck and Childers, 2003a, 2003b; Yazdanparast and Spears, 2012 and 2013). The need for physical interaction also is known as the need for touch (Peck and Childers, 2003a).

However, any opportunity to interact physically with the product prior to purchase disappears in an electronic commerce context. Consumers have access to technical product descriptions and can view the products, sometimes with an extraordinary level of detail, but cannot touch or feel them physically. This lack of physical contact during the buying process is a key inhibitor of uses of electronic commerce (eMarketer, 2011; ONTSI, 2012). Moreover, electronic shopping sometimes is based on consumers' previous experiences in traditional outlets, which provide plenty of opportunities to examine product alternatives (Balasubramanian et al., 2005; Cho and Workman 2011; Hsiao et al., 2012; Pauwels et al., 2011).

The intangibility inherent to the online purchase process requires that consumers pay more attention to other indicators of quality and product performance. Therefore, the role of the brand should become more relevant, such that brand reputation even might compensate for the absence of physical contact with products. The brand invokes associations that build trust, reduce perceived risk, and simplify the buying process (Aaker, 1994; Erdem and Swait, 1998; Keller, 1993). Some studies indicate advantages enjoyed by the best known and most reputable brands in virtual environments (Ho-Dac et al., 2013). Evidence also suggests that these advantages are greater online than they would be in traditional channels (Andrews and Currim 2004; Degeratu et al., 2000). From a more general point of view, brand loyalty is higher in online channels (Arce-Urriza and Cebollada 2012; Chu et al., 2010; Danaher et al., 2003).

However, intangibility does not have the same importance in all shopping situations and for all product categories. In some cases, products are highly standardized, and consumers have enough experience that they do not need to touch them. In other cases, physical product evaluations do not provide relevant information (Peck and Childers, 2003b). For example, physical inspection of the packaging of many food products does not provide much information beyond product pictures or an ingredient list. The feel and taste of these products are central to post-purchase

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* Correspondence to: Departamento de Administracióny Economía de la Empresa, Campus Miguel de Unamuno, 37007 Salamanca, Spain. Fax: +34 923294715x3124.
E-mail address: mmartos@usal.es (M. Martos-Partal).

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evaluations, though physical interaction with products at the point of sale often does not provide precise information in this regard. In contrast, the physical analysis of garments can be critical to purchase decisions (Cho and Workman, 2011), because touching the product helps consumers appreciate the quality of fabric and seams, and trying on the garment allows them to assess whether it fulfills their intended purpose.

The degree of uncertainty associated with the intangibility of the online purchase process thus likely differs from one product to another, as should the importance of branding in electronic channels. We expect that the brand’s contribution to the assessment of alternatives is lesser for products for which the physical examination of the product is less important, that is, for products with less need for touch, because touching does not add relevant information to support a decision. The brand’s legitimizing role thus should be more prominent in online purchasing decisions when physical access to the product enables a consumer to discriminate among purchase alternatives.

We address the relationship among e-commerce, the intangibility of the buying process, and brand reputation by proposing a moderating role of the product category in comparisons of the effect of brand reputation across offline and online channels. At a theoretical level, this study develops a sequential argument:

(1) The brand becomes more important in online environments as a consequence of the intangibility of the purchase process.
(2) The intangibility of products in online shopping processes imposes varying limitations of differential importance across product categories.
(3) The role of the brand in online environments is more relevant when the product category is more limited by a lack of physical contact.

We provide evidence of this sequence through an empirical study based on an experiment.

2. Theoretical framework

2.1. The role of the brand: online vs. offline channels

A brand is a name, term, symbol, or any other element that serves to distinguish the goods and services of one seller from other vendors (AMA, 2013). It influences both consumer decision making and purchasing behavior (Aaker, 1994; Erdem and Swait, 1998; Keller, 1993). Consumers use brands as signals to infer quality and other desired benefits when they lack previous experience or cannot conduct a thorough evaluation of products (Png and Reitman, 1995; Ubilava et al., 2011; Wernerfelt, 1988). This potential a brand has to influence consumer perceptions and improve performance entails its brand equity.

Erdem and Swait (1998) propose a descriptive model of brand equity in an information economy, such that they account for the imperfect and asymmetric information the consumer has. In the buying process, consumers are uncertain about the attributes or benefits of the products they consider purchasing, because imperfect, asymmetric information characterizes most product markets. Firms thus can behave opportunistically because they are more informed about their own products than consumers are. Brands represent the signals the firm sends about the product’s position on the market, associated with certain levels of quality or other desirable benefits. Their signals also help reduce perceived risk and the costs associated with searching for information. In short, reputed brands are a credible signal to the market regarding the advantages and benefits of the product, so they affect consumers' evaluations (Erdem et al., 2004, 2006). In turn, we propose an initial hypothesis that is not particularly original but offers a strong foundation for our subsequent predictions:

H1. : Brands affect consumers' evaluations of products.

The brand also remains a key competitive tool online (Brynjolfsson and Smith, 2000). Online channels differ from offline channels in their potential to provide information to help consumers make assessments (Alba et al., 1997). In online contexts, information is even more asymmetric and imperfect than in traditional channels, because they provide no opportunities to taste or touch the products or receive in-person advice from sellers. As it helps fill these information gaps, the brand becomes more important as an information signal, such that it enables consumers to make product evaluations. In other words, the brand acts as a signal that replaces the need for touch. Andrews and Currim (2004) also show that online consumers base their assessments on brands and consider fewer brands when they buy through that channel. Furthermore, Degeratu et al. (2000) propose that the brand has more impact online than in traditional channels, because of the greater uncertainty that characterizes purchasing in the former channel. Therefore, we propose:

H2. : The influence of the brand on consumers' product evaluations is greater in online contexts than in offline contexts.

2.2. Difererences across product categories

The problem of product intangibility during the buying process is a main differentiator between online and offline shopping. However, the incidence of this problem varies with the product type (Peck and Childers, 2003b). The consumer's need for touch depends on the prominence of tangible attributes in the product, such as when these attributes have the potential to discriminate the set of options available to the consumer. For example, most consumers perceive that clothes differ on tangible attributes such as texture, elasticity, or resistance, so they prefer to touch these products, to make an assessment and compare alternatives before buying. However, in product categories such as books, music, CDs, and packaged foods, consumers cannot discriminate among products using information obtained by touching the product, so this information becomes less necessary for decision making (McCabe and Nowlis, 2003; Childers and Peck, 2010). This reasoning leads to another hypothesis that is less original but still constitutes a starting point for a better understanding of our subsequent proposal:

H3. : Product categories differ in terms of the importance of tangibility for their buying process.

Because physical contact with the product prior to purchase is less relevant in some categories than in others, the disadvantage of the online channel also should differ across categories. The brand’s role as a substitute for the need for touch also varies from one product category to another. Its contribution as a signal of quality or other desirable benefits should be more important in online channels that increase the information asymmetry that consumers face; thus, the importance of the brand to a consumer buying a garment from an online store should be higher than it would be in a traditional store, because physical contact in the traditional store already provides the useful information for the purchase decision. In contrast, the importance of the brand to hygiene products is unlikely to be any higher in online contexts, because handling the product provides little information related to the buying process (unless consumers can test the product before buying). Degeratu et al. (2000) show the brand's role in online channels differs with the amount of information available to the consumer; Chu et al. (2010) indicate similar results in their analysis of consumers’

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