An Exploratory Study Into Delivery and Payment Choice Restriction

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ABSTRACT

We first measure attitudes toward a product and attitudes toward product quality when an unknown brand is associated with a well-known and trusted co-brand in the form of payment and delivery options; employing a classic co-branding strategy. Theory suggests that association with a trusted brand should lead to improved positive assessment of an unknown brand. Results suggest that the popular belief that trusted brands improve respondents’ assessments of unknown brands through a co-branding strategy may not be supported when there is a restriction on choice of payment and delivery options. That is, when including only a limited number of co-brands, brand associations may give the perception of restricted choice, leading to a lessened level of trust in the co-brand. We then repeat the study using a known branded product and known branded delivery and payment methods. Results show no difference in consumer perceptions between no co-brand and a full complement of co-brands. However, a restricted set of payment and delivery options leads to a more negative attitude toward the product and product quality.

Keywords: brand trust and quality inference; co-branding; online payment

INTRODUCTION

The Internet, touted as a panacea offering unbridled opportunity for lesser known small businesses, suffers from one inhibitor to their success: an inability to provide quality assurances that generates consumer trust through brand recognition. Trust, a significant factor in respect to e-commerce transactions (Shneiderman, 2000; Elliot and Speck, 2005; Alexander et al., 2006; Stewart, 2006; Wakefield & Whitten, 2006), is critical as fraud is 12 times likelier online than in brick and mortar stores (Bolton et al., 2004). With respect to technology-mediated relationships, Fogg and Tseng (1999) define trust as a positive belief about the reliability and dependability of a person, object or process. Shneiderman (2000) further posits that brand-
ing generates trust due to familiar logos and names and therefore a Web site should attempt to create trust by obtaining certifications from third parties. Acting as a surrogate indicator for quality, positive branding is essential to an e-tailer. Jevons et al. (2001) conclude that the Internet is amplifying the effects of customer interpretation of brands and the relationship between brand image and identity. In fact, attitude toward the brand positively impacts purchase intent and site loyalty (Elliot & Speck, 2005). This poses a great challenge to small companies with unknown brands versus global companies with internationally recognized and trusted brands. As a result, business activity on the Internet has experienced a rise of brand extension, co-branding, and the increasing importance of brand association (Jevons et al., 2001). Stewart (2006) states that it is crucial to understand how different applications of technology can impact a consumer’s trust online; this knowledge may help organizations develop a more effective online presence.

The purpose of our article is to examine consumer attitudes towards a product and quality assessment based on the association with well-known brands. For this study the co-brand is the delivery and payment options. An experimental design utilizing a control group and an experimental group is employed to examine these differences. Specifically, we examine attitude toward an unknown product as well as quality assessment of the same product when associated with familiar and trusted brands.

DEFINITIONS OF TRUST

Trust in General

Trust has played an important role in relationships since ancient times. Many of our current traditions date back to acts of trust, such as shaking hands to illustrate that a weapon was not held to clinking of glasses for proving that wine was not poisoned (Shneiderman, 2000). Trust is important in all aspects of life and though numerous authors have defined trust (Goodwin, 1996; Shneiderman, 2000; Srinivasan, 2004; Harridge-March, 2006; Chen & Barnes, 2007) all of the definitions have several key elements; trust involves one person bestowing upon another (person, object, or process) the belief of reliability and dependability. Trust is only important in situations of uncertainty (Goodwin, 1996; Ha, 2004; Srinivasan, 2004). Uncertainty can be thought of as risk and risk exists when one is less than 100% certain that something will turn out as expected (Harridge-March, 2006). The value of trust has led to the use of metaphor to illustrate its importance in our lives: it has been compared to grease that keeps the wheel turning (Goodwin, 1996) as well as to chicken soup as all sorts of positive benefits are derived when people willing to get involved (Shneiderman, 2000).

Retail Trust

The above elements of trust have been modified to suit the retail context by stating that trust is consumer confidence that the merchant will provide the product or service that the consumer has paid for in a reasonable time with an acceptable level of service (Srinivasan, 2004). Hence, trust is a key factor in respect to a company’s reputation whether bricks and mortar (BAM) or e-tailer (Merrilees & Fry, 2003). Trust can be viewed as the assurance that a company will look after the interests of the consumer, it is akin to a guarantee (Merrilees & Fry, 2003). Branding can be used to achieve a sustainable competitive advantage (Ha, 2004), by creating trust via the use of familiar logos and names of companies that are perceived to have integrity (Shneiderman, 2000; Ha, 2004).

Importance of Trust in Online Transactions

Trust becomes even more of a strategic element when retailing is moved online (Merrilees & Fry, 2003; Constantinides, 2004; Srinivasan, 2004; Harridge-March, 2006; Chen & Barnes, 2007). Trust is critical for e-tailers as it reduces the perceived level of risk associated with
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