

# The Cohesive Model of Electronic Retail Brand Value

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## ABSTRACT

*It is the goal of this research to evaluate and compare several conceptual models that look at the linkages between e-quality retail's of service, trust, satisfaction, and e-consumer-based retail's equity of brand. Chinese online buyers were surveyed in a quantitative study. The suggested models' constructs were measured by means of a survey that made use of well-established scales. Alternate models were tested using the structural equation modeling (SEM) technique. Web design and customer service have been found to have a favorable impact on customer satisfaction, while the fulfillment and security aspects of e-retail quality have been found to affect consumer trust. Brand equity in consumer-based e-commerce is influenced by both trust and happiness, according to a new study. For e-tailers, this approach can help them better understand their customers' impressions of their brand. This study adds to the current knowledge on the antecedents of online consumer-based retail brand equity. In e-brand equity research, it is unusual to see different models of online consumer-based brand equity being proposed and tested, which adds value.*

**Keywords:** online retail brand equity, e-trust, e-satisfaction, e-retail service quality, brand equity.

## INTRODUCTION

It is the difference between a customer's personal experience, word of mouth, or exposure to a brand's marketing activity that determines an online retailer's brand equity (1). In order for online merchants to maintain a sustained competitive edge, they must manage their retail brand equity (2). Customers' expectations may be met by delivering high-quality service, earning their confidence in a company's brand, and delivering on their promises, according to previous research. Organizational reactions are shaped by how people understand their surroundings, as shown by the cognition and capability model. "The model focuses on the cyclical processes of developing routines (capability building blocks), assembling routines into capabilities, and matching capabilities to perceived opportunities," according to the authors.

E-retailers' brand equity is critical to their business, although study in this area has focused more on the quality of electronic shopping than the brand equity of e-retailers. E-commerce quality characteristics were also not considered in connection with consumers' online relationship preferences, such as customer trust and satisfaction as well as brand equity (3).

There are a broad range of conceptualizations and approaches to online brand equity research since online branding is still in its infancy. For example, Rios and Riquelme claimed that online brand equity



is a result of awareness, trust, value, and loyalty. This model was expanded upon in future study, which included the use of the multidimensional quality construct as an indicator of trust, value, and loyalty (4). Researchers Kao and Lin looked at how aspects of online delivery and outcome service quality affected e-brand equity as a result of measuring levels of customer trust and happiness. ⇐⇐

Customers' online loyalty is viewed as one of the dimensions of brand equity (5), and some researchers have chosen to link e-service quality to customer loyalty, while others have deemed both service quality and customer loyalty to be directly linked (6).

This study's primary goal is to synthesize and summarize the available research on consumer-based e-retail brand equity in order to offer a model for this type of brand equity. Four design service businesses (cases) with high levels of knowledge-intensiveness were selected for literal replication. In order to combat domestic competition, the four companies involved had gone global. The fifth business was selected for theoretical replication in order to give data contrast with the previously acquired data from the first four examples.

e-channels are increasing at an unprecedented rate in both emerging and established countries, according to recent research (7).

China is the focus of this research since it is the world's fastest-growing and largest e-commerce market (8). While the world average growth rate is 15% to 20%, it is increasing at a pace of 75% yearly. Around 17.3% of China's retail industry is accounted for by e-commerce, which provides around USD1 trillion to the sector.

The following is the structure of this document. Following an examination of existing literature, hypotheses are formulated to explain the results of this research SEM results are then shown, together with a brief explanation of what they mean. Finally, we'll talk about the study's results, limitations, and implications.

## **LITERATURE REVIEW AND CONCEPTUAL MODEL**

### **Quality of electronic services**

From a variety of angles, previous studies have examined the quality of electronic services. Customers' overall opinions and experiences with a website were more important to some (9), while website quality was more important to others (14). Quality e-service is a measure of how customers feel about an online service provider's ability to meet their expectations (10). According to Percy, "pre buy, purchase, and post purchase actions including assessment," "selection," "purchase," and "fulfillment" are all included in the definition of online service quality.

The entire operation, starting with the search for information, the navigation of the website, the ordering, the interaction with the customer care, the payment method, the delivery and the after-sales support. They devised a four-dimensional e-retail quality scale, which included (1) website design, (2) fulfillment and dependability, (3) security and privacy, and (4) customer service, to assess buyers' perceptions of online retail quality.

Effective and efficient website design has been shown in several studies to improve the speed of ordering and transactions while also increasing client satisfaction with a website (11). The following hypothesis is therefore put forth:

H1: Customers are more satisfied with a website's design if it is well-designed.

When it comes to online retailing, customer service (also known as responsiveness) refers to an online retailer's desire and capacity to respond to consumer inquiries. However, several researchers have discovered that the quality of customer service has no substantial impact on consumer satisfaction. Despite the discrepancies, additional inquiry is warranted. In light of this, the following theory is put

forth:

H2: online customer happiness is influenced by customer service.

Privacy and security of personal and financial information are top concerns for online buyers (12). The safety of consumer credit/debit card information and the protection of personal information that a customer is required to disclose in order to complete an online purchase are both part of the e-retail service quality's security and privacy component. Consumers use security and privacy as a primary factor in determining the credibility of an online business.

H3: Consumers' trust in an online business increases when they feel safe and secure.

Fulfillment was formerly characterized as a multi-dimensional concept expressed by timeliness, availability, conditions, and billing correctness (13). Product and process accuracy, as well as on-time delivery of ordered goods are all part of the fulfillment and trustworthiness aspects of e-retail quality. Consumers' confidence in online retailers is positively correlated with the accuracy of order fulfillment, according to a number of previous research. To put it another way, this article hypothesizes that online retailing confidence will be boosted through fulfillment:

H4: Consumers' confidence in an online business is bolstered by the accuracy and reliability of the company's fulfillment and delivery.

### **Customer Satisfaction and Online Trust**

To put it simply, trust is "the readiness of a person to put his or her own interests ahead of those of another person, regardless of the other person's ability to monitor or control the other person's activities." " When it comes to online transactions, trust is a person or organization's belief that a shop would not abuse their weaknesses (14). Trust in the internet environment differs fundamentally from trust in the physical context since it is created on the basis of people to websites rather than people to people (15).

It's hardly unexpected that customers' top worry in an online environment is online trust or e-trust. Many factors contribute to the importance of e-trust for customers. Aside from the obvious drawbacks of being unable to see the vendor in person and experiencing the product in real time, consumers will also be unable to instantly retrieve their merchandise following payment. So many studies have shown that customers are reluctant to purchase online because of a lack of confidence. Trustworthiness of intermediary brands has an important effect in how much customers trust online marketplaces as a whole.

### **Trust, satisfaction, and retail brand equity have a connection with them other.**

Offline brand equity has received a lot of attention in the previous three decades. There are a variety of assets and liabilities connected with a company or customer's brand, the name and symbol it bears, that can either enhance or detract from the value it provides. As a result, a company's brand equity provides both a financial and a psychological value.

Even while brand equity has been well studied in offline situations, the concept is typically overlooked in the online domain, save from a few notable outliers. Many research have examined the

direct or indirect link between customer happiness and brand equity in a customer service setting, which is not surprising. Several studies have identified a link between satisfied customers and a company's brand equity. Green brand equity benefits from customers' pleasure with green brands, much as customer satisfaction with a bank's service benefits the brand equity of the bank itself, to mention a few examples from the offline world. Because of this, greater study and confirmation of the relationship between online consumer pleasure and brand equity are urgently required. Customer satisfaction and online brand equity are found to be positively linked in this study.

H6: The value of an internet business's brand is enhanced when its customers are happy.

Equally important is the degree to which a company's managers believe it has the capacity to use these talents. Managers must first have an understanding of the objective of dynamic capabilities, as well as a capacity to apply their interpretations to exploit possibilities in the environment, before they can begin assembling them.

When it comes to online commerce, we presume that current customer confidence in an online brand will favorably affect the retailer's e-brand equity. The following theory is proposed:

H7: In the internet industry, the reputation of the brand is bolstered by consumer confidence.

We provide an integrated model of e-retail equity based on consumer-based consumers based on the aforementioned theories and associated research. Numerous theories explain the relationship between brand equity and customer satisfaction.

## **METHODOLOGY**

### **Participants and Procedure**

A survey-based approach using a structured questionnaire was applied to collect data from the consumers who have the recent experience of purchasing online from Taobao, the largest e-retailing website of China (17). In the first section, consumers were asked to respond to questions related to their online shopping experience. The questions were used to find out whether they have used the Taobao shopping platform, the frequency of their visit to the Taobao website in last three months, and the average amount of money they spend on each visit. In the second section, consumers were asked to record their opinions and perception towards Taobao's online retail quality, trust, satisfaction, and brand equity. The third section collected information about respondents' demographic and socio-economic characteristics such as gender, age, education, occupation, and income. The data collection process was conducted in the city of Shanghai where respondents, who have purchased from Taobao, were invited to participate in an online survey. Five hundred respondents were approached, from which 317 responses were obtained, yielding a 63% response rate.

## **RESULTS AND DISCUSSION**

### **Descriptive**

In the first step of data analysis, the data were examined for missing values. Past research suggests that a random omission of less than 5% per construct is acceptable and these missing values can be replaced using the mean substitution procedure (19). In the first stage of dealing with the problem, all the missing values were initially coded with "0" in SPSS. This was followed by calculating the percentage of missing

values in the data. A total of 42 missing values were identified in the data set and were replaced using the mean substitution procedure. Subsequently, we used G\*Power v3.1 to assess the minimum sample size for this study. Given the main hypothesised model in Figure 1, with a medium effect size of  $f^2 = 0.15$  and 24 predictors, the minimum sample size required is 238. Consequently, the 317 responses from the survey was deemed adequate. SEM was then used to establish the proposed relationship between the constructs.

### Measurement Model Validation

The SmartPLS2.0 software, a variance-based SEM approach, was used to simultaneously estimate the measurement and structural models. We began our analysis by evaluating the measurement model. Internal consistency of the measurement model was assessed using composite reliability (CR), indicator reliability (IR), and average variance extracted (AVE). For discriminant validity, the Fornell-Larcker criterion was used.

### Structural Model and Hypotheses Testing

Next, we analyzed the model's structure after conducting reliability and validity evaluations of the constructs. This includes looking at the model's ability to predict outcomes, as well as the relationships between its constituent parts. Structural model assessment was carried out according to Hair et al's five-step procedure. For starters, many collinearity tests were performed on the model. VIF values were lower than the cut-off point of 3.3 for all three structures under consideration. As a result, there is no collinearity problem in our investigation.

Second, we used PLS-SEM techniques to derive structural model path estimations. Using bootstrapping re-sampling, a standard error was calculated, which allowed us to calculate the statistical significance for these route coefficients (using 5,000 samples).

As a rule of thumb,  $R^2$  values of 0.75 (substantial), 0.5 (moderate), and 0.25 (weak) can be categorized as substantial, moderate, or weak (Hair et al., 2016). Besides  $R^2$ , Hair et al. (2016) offered two more procedures for assessing a PLS-SEM structural model. Predictive relevance is assessed by calculating the effect size ( $f^2$ ), followed by effect size ( $Q^2$ ). The  $f^2$  values of 0.02, 0.15, and 0.35 reflect modest, medium, and substantial impacts, respectively, on the exogenous latent variables. Finally, we looked at the  $Q^2$  result, which tells us how accurate the model is. Having a  $Q^2$  score that is greater than zero indicates that the route model can accurately anticipate a certain construct.

$R^2$ ,  $f^2$ , and  $Q^2$  are used in this study to evaluate the influence of exogenous variables on the study's endogenous variables. Brand equity is 0.312, customer happiness is 0.441, and trust is 0.310. The results of  $Q^2$  reveal that the endogenous factors have predictive value. The  $f^2$  results for exogenous factors are inconsistent. In spite of its importance, the exogenous variable has little impact on brand equity. To conclude, the model's  $Q^2$  values were all higher than zero, showing that it can accurately anticipate future outcomes.

**When it comes to online trust and brand equity, customer satisfaction serves as an intermediary**



When participants' cognitive processes impact their views of the purpose of the firm's capabilities and how important these capabilities are in relation to other possibilities, these perceptions can lead to a dynamic capacity and action over time. In order to deal with uncertainty and change, managers used the following cognitive analytic modalities: Intrinsic search and development (11) - Company C invests in technology to boost efficiency and continuously enhance its in-house procedures and practices. A large indirect influence is seen in the data. The final step was to calculate the variance accounted for (VAF) value. There is no mediation if the VAF is under 20%; partial mediation if it is 20% or more but not more than 80%; and full negotiation if it is more than 80%. In other words, customer happiness somewhat mediates trust and brand equity, as seen by the VAF value of 0.46% in the study's findings.

## CONCLUSION, IMPLICATIONS, AND LIMITATIONS

Understanding the influence of companies' branding strategies on consumer perceptions and preferences has become the focus of e-retail research in the last several years. As a result, this research adds to the body of knowledge by identifying the key antecedents of e-retail brand equity and the interrelationships that exist between them. This study makes a significant addition by showing how alternative conceptualisations of the link between e-retail quality and online brand equity might lead managers to somewhat different conclusions. For example, a manager using our model to analyze interactions among numerous variables in our model will infer that satisfaction is the strongest direct and mediated antecedents of online trust and online brand equity of a shop. On an online shop, the significant link between privacy and trust will be obvious to the management.

Past research have shown that the importance of security and privacy issues in the online setting is well established and has a substantial impact on website credibility (19). If you have a robust privacy and security policy in place, you are more likely to create long-term consumer connections with online retailers. As a result of our findings, past research have shown that trust is a key predictor for online consumer happiness.

Website design and customer service appear to have a beneficial effect on online consumer satisfaction with an e-commerce firm. Combined, these two factors account for around 45% of the variance in online happiness. Thus, in the context of online commerce, establishing a site design that provides a smooth shopping experience complemented by good customer care methods can have a substantial impact on consumer satisfaction.

Third, e-retail brand equity was intended to be preceded by trust and satisfaction. Satisfaction and e-brand equity, as well as trust in e-brand equity, have been proven to be positively correlated recently. Trust appears to be a far weaker predictor of e-retail brand equity than customer happiness, if that makes sense.

The comparison of the direct model with the other two models shows that it explains the least variance. Nonetheless, the direct approach offers some fascinating insights. These findings show how evaluating models based on poor conceptualizations can give misleading results and the least predictive value. A management adopting model 2 may presume that privacy/security and fulfillment have no impact on projecting brand equity for an online store.. In addition to being superficial, this conclusion might prove to be incredibly expensive for an online company.

Retailers may use our e-brand equity model to gauge how their own and their rivals' customers see the brands they represent. This will help the brand to develop a standard for enhancing its own e-retail quality and to discover its point of parity and point of difference in order to generate a long-term competitive edge in the marketplace. E-retail quality is examined in depth in this study by focusing on trust and happiness as e-brand equity indicators, unlike earlier studies. E-commerce companies might undertake a focus group research to confirm quantitative results and gain a better understanding of why their customers aren't happy with their website design.

A company's e-commerce brand equity appears to be most strongly linked to its online trustworthiness. As a result, business leaders should think about making investments in systems that will help them increase customer confidence in their brand. E-retail quality's privacy and security metric came in second as a predictor of online shoppers' trust. This shows that customers are very worried about the security and privacy of their personal information when they shop online.. As a result, a substantial and long-term competitive advantage may be gained by creating online brand preference based on the protection of customer personal information and transactional data.

This research investigated the B2C aspect of online retail branding; however, many online retailing platforms also provide C2C opportunities. Thus, future research can test this model for brands which provide C2C as well as the brands which offer both B2C and C2C transactions on their platforms. Online consumers often prefer these sites due to heavy discounts and other promotional campaigns. It is also highly likely that online reviews, either from customer-generated ratings or experts, may have an influence on online purchase behaviour and we recommend that future studies should examine this new development. Finally, this research was conducted in China, and thus explores the issue based on the perceptions of these consumers; therefore, it is important to explore the issues in other countries to further validate the model.

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