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Marketing Strategies to Alleviate Risk and Build Trust for Emerging Online Brands: Case of an Asian Cosmetic Brand Entering Into the USA

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Marketing strategies to alleviate risk and build trust for emerging online brands: Case of an Asian cosmetic brand entering into the USA



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Abstract Despite the growth of emerging brands launching their businesses online as their first retail channel, there is a lack of understanding regarding effective marketing strategies specific to them. The present research offers marketing strategies to alleviate risk and build trust, with a particular focus on emerging online fashion brands. The study examines how familiar cues such as store name and brand origin can be used to construct a perception of quality around an unfamiliar brand in order to alleviate risk and build trust. The researchers also observe how consumers' online purchase experience with a particular product category influences how their quality perception alleviates risk and builds trust. The results indicate that unfamiliar brands can successfully introduce their brands online using familiar cues such as store name as a quality indicator to build trust and alleviate risk. In the context of this study, however, brand origin did not influence quality perception in the case of fashion goods in the USA. Furthermore, consumers with online purchase experience in a specific product category were found to be more confident that quality would alleviate risk. Practical implications are discussed.

KEYWORDS: online shopping, emerging brand, perceived quality, perceived risk, trust, marketing strategy

INTRODUCTION

Online retailing (B2C) is one of the most steadily growing industry sectors globally. In the USA, online retail sales have tripled in the space of one decade, comprising almost two-thirds of total e-commerce sales (US\$289bn) in 2012.¹ While many of these sales are attributed to well-established brands expanding their bricks-and-mortar stores online (eg Apple, Kate Spade), there is also an emerging group of small to medium-sized companies that have successfully established their brands in online stores as their first (or only) retail channel (eg Dollar Shave Club, Warby Parker). Among smaller businesses in particular, online retailing tends to be the preferred distribution channel for companies looking for their first route to market; this is due to the reduced financial risk compared with investing in bricks and mortar.²

While there are various marketing strategies for helping established bricks-and-mortar stores to build an online presence, strategies for introducing and building less established, unfamiliar brands online remain unexplored. Consequently, many less established brands emulate the strategies used by well established brands, such as partnering with popular retail channels (eg Amazon) to build their brands (eg Lauren Merkin); however, the efficacy of implementing such strategies is largely unproven. Furthermore, because the marketing goals of established brands and less established brands are likely to be different, there is a need for a distinct set of online marketing strategies that specifically address the consumer's uncertainties and fears about the brand caused by the consumer's lack of brand experience.³ Consumers have a subjective expectation of loss towards unfamiliar brands,⁴ in other words, a heightened sense of perceived risk. This intensifies distrust⁵ and discourages potential purchase behaviour.⁶ On the

flipside, alleviating the risk and gaining the trust of a potential customer can help build long-term rewards such as positive consumer attitude and purchase behaviour.^{7,8}

Because of the inherent intangibility of the online exchange, the influence of risk and trust towards an unfamiliar brand is intensified in the online setting; simply put, there is no physical contact to build trust.⁹ In previous research into online shopping habits, 40 per cent of consumers reported shopping only from well-known websites due to their perceived risk of the unknown.¹⁰ Thus, the need to develop strategies to reduce this initial perceived risk and build trust for unfamiliar brands becomes even more urgent.

For unfamiliar brands, one of the key methods to reduce risk and build trust is to construct a positive perception of product quality. Building consumers' perception of quality has been found to alleviate risk,¹¹ increase trust¹² and build long-term brand value.¹³ Thus, quality perception is a crucial tool in building a stronger brand.¹⁴ Supported by literature and past industry practices, the present study postulates consumers' quality perception as an effective intermediary for alleviating risk and building trust in unfamiliar companies. The study uses the case of fashion brands, specifically a cosmetic brand, to examine the effectiveness of the strategy empirically. Fashion goods, under the umbrella of soft goods, are a popular sector for emerging online brands, given the smaller financial risk (compared with durables) for both the business to sell and consumers to purchase online. In addition, the boom in online fashion websites like Etsy clearly supports the rise of emerging online fashion brands. Thus, while the present study does not generalise, fashion items are a good representative category for examination.

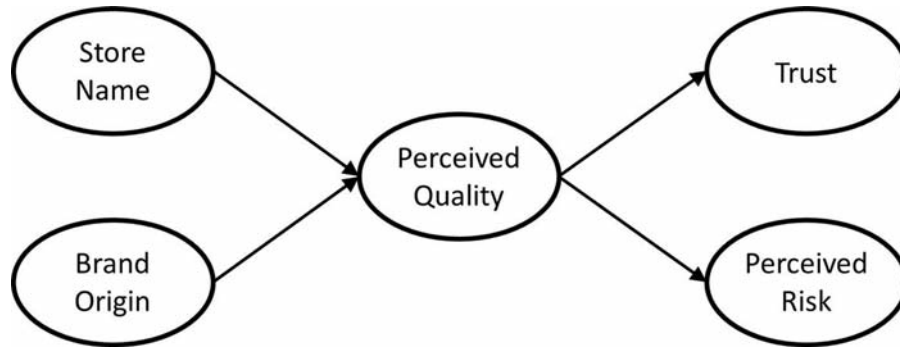


Figure 1: Proposed model

This study proposes that utilising familiar cues (eg store name) for unfamiliar brands online is an effective method to construct consumers' quality perception to alleviate perceived risk and build initial trust based on the theories of cue utilisation¹⁵ and impression formation¹⁶ (see Figure 1). According to cue utilisation theory, a product holds multiple cues, which serve as alternative indicators of product quality to consumers.¹⁷ Especially for unfamiliar brands, where consumers have no prior knowledge or experience with the brands on which to base their assumptions, associating them with familiar cues such as a well-known store name (eg Macy's in the USA) can play a crucial role in helping consumers form a positive impression of the brand. In further support, both the psychology theory of impression formation¹⁶ and retailing literature state that when there is no prior knowledge of the brand, the manner in which the brand is initially presented can help form 'holistic "snap shots" of the brand as a whole',¹⁸ and moreover help form long-lasting impressions.¹⁹ With this in mind, the paper will now go on to present a review of the literature, followed by the method and results of the study, and a discussion of the marketing implications.

LITERATURE REVIEW

Brand cues and perceived quality in online setting

Product cues (eg price) play a key role constructing the consumer's perception of quality.^{17,20,21} For the purposes of the present study into the impact of consumers' perceived brand quality, this paper adapts the concept of product cues to one of 'brand cues'. As a global evaluation of a product,²¹ perceived quality is not the actual quality, but what is perceived to be the quality in the consumer's mind. It is a complex structure where the consumer accounts for everything from simple product attributes to past experiences in order to evaluate quality.²²

In past literature, cues have been divided into two categories: extrinsic and intrinsic.¹⁷ Extrinsic cues are the non-physical attributes of the product such as the brand name and price, whereas intrinsic cues comprise physical attributes such as the product design. Of the two, extrinsic cues have been recognised as the more general form of cue, and can be used to evaluate quality across different product categories²¹ whereas intrinsic cues are more product-specific. For example, the material and workmanship (intrinsic cues) of a handbag cannot be assessed using the same standards as the quality of a perfume.

However, if both products are from the same brand (eg Gucci), the extrinsic quality (eg brand name) is applicable to both. Empirical research supports that consumers are more likely to rely on extrinsic cues in estimating the performance of the product²⁰ because, in contrast to intrinsic cues, they can transfer extrinsic cues across other product categories. Consequently, this study focuses on extrinsic cues because of their wider applicability, specifically using cues in the context of emerging online cosmetic brands.

The global cosmetics market has been growing, generating sales of \$7.2bn online and mail-order alone in 2010.²² To the present authors' knowledge, however, there is a lack of independent empirical work into the viability of the cosmetic industry's online growth. In the case of cosmetics, like most fashion goods where high sensory interaction is needed, customers cannot physically try the cosmetic product to make an evaluation of the brand quality. Thus, brand cues become even more vital in determining the customer's perception in an online setting.

Past studies have commonly examined four extrinsic cues (price, brand name, store name and country of origin) in terms of their effects on perception of product quality,^{13,20,23} and found these cues to be reliable indicators of perceived quality.¹³

In this study, store name and brand origin (home country of the brand) are selected as the two extrinsic cues. For well-known brands (eg Gucci), consumers may not be as sensitive to the store name and brand origin in determining the brand quality. However, when consumers are introduced to an unfamiliar brand, their past experiences with a familiar store (eg Nordstrom in the USA) and brand origin (eg China) can heavily influence their perception of brand quality because consumers make inferences about brand quality from information familiar to them.

Brand name and price were not selected for the present study. Given the context of this study's focus on unfamiliar brands, brand name was not a relevant cue. Although brand name is generally a good indicator of quality, unknown brand names do not have the same impact on quality perception. Price is another extrinsic cue that consumers use to infer quality; however, for greater applicability of the findings regardless of prices, this study did not include price.

Although these extrinsic cues have been tested in offline settings in previous studies, the cues are expected to have the same effect in an online setting. The two online store names for this study — Amazon and Nordstrom — were chosen carefully to examine their influence on quality perception. In the USA, Amazon is the largest value-driven online retailer for a vast variety of products, while the department store Nordstrom is well known for its high-quality merchandise and services. To improve consumers' perception of and trust in unfamiliar brands, it is a recognised strategy for brand owners to partner with reputable store names as a form of brand alliance,²⁴ as consumers may infer the quality of the brand from the quality of the store's merchandise. Thus, the following is hypothesised:

H₁: The perception of an unfamiliar brand's quality will be higher when presented at Nordstrom compared with Amazon.

This study also focuses on Asian brands due to the region's growing importance in the global marketplace, with an increasing number of brands expanding into Western countries (eg Uniqlo, Li Ning and Shumera). To date, there is little practical information for Asian brands that wish to expand into Western markets. However, these Asian brands have leveraged the internet to reach global markets, putting

them in a similar position as other brands emerging online.

The literature supports that brand origin is an important factor for consumers in evaluating product quality.²⁵ Especially in situations where the consumer lacks knowledge about a brand, brand origin can play a significant role in influencing consumer perception. With their different stages of economic development and reputation for product quality, testing consumer perceptions of quality among retail brands from different Asian countries can provide insight into the readiness of Asian brands to become global players. To this end, this study focuses on China and Japan, hypothesising:

H₂: The quality perception of an unfamiliar brand originating from Japan will be higher than one from China.

Furthermore, the study attempts to examine the relationship between the store name and brand origin. Specifically in this study, if a customer shops in Amazon, they may view Japanese brands as higher quality compared with Chinese, while in Nordstrom, they may not perceive a difference in quality because of the high reputation of the store's merchandise quality. The following hypothesis is proposed:

H₃: Brand origin will have a significant influence on quality perception in Amazon, but not in Nordstrom.

Perceived quality on perceived risk in online setting

Perceived risk is a subjective expectation of loss,⁴ stemming from uncertainties about the possible outcomes. As discussed, uncertain situations like encountering an unfamiliar brand especially in an online context, can create a heightened sense of risk. Thus, brand cues can be used as a

means to build a higher perception of brand quality, ultimately to help reduce the consumer's perception of risk *vis-à-vis* brand performance.²⁶ Past research has supported the use of appropriate cues,²⁷ as well as building quality perception¹¹ as vehicles to reduce perceived risk. Thus, quality perception built through familiar cues can help consumers feel more confident about the performance of an unfamiliar brand, and alleviate the perception of potential risks associated with the product from the emerging online brand. With this, the study aims to investigate both the direct and indirect roles of perceived quality in influencing perceived risk in an online setting:

H₄: Perceived quality alleviates perceived risk in an online setting.

H₅: Perceived quality mediates the relationship between store name and perceived risk in an online setting.

H₆: Perceived quality mediates the relationship between brand origin and perceived risk in an online setting.

Perceived quality on trust in online setting

Often considered as an inverse of perceived risk,^{7,28} trust is viewed as a confident expectation that one will find what is desired in the brand.²⁴ As consumers are exploring the unknown with unfamiliar brands online, confidence in how the brand will perform is likely to be low. However, because trust leads to how attitudes and patronage toward the brand are formed,²⁹ it is essential for emerging brands to build brand trust. Furthermore, building trust in an online context (relevant to this study) becomes even more important for unfamiliar brands because of the risk associated with the

inherent intangibility of online exchange without physical contact to build trust.⁹ An effective way to build this confidence is to present positive cues, such as a familiar store with positive associations,^{24,28} to improve the consumer's perception of quality.^{9,12} Thus, the researchers posit that quality perception built through familiar brand cues can build initial trust. With unfamiliar brands, consumers have no preconceived notions of their products. Thus, offering them a set of familiar cues associated with positive assumptions can help develop a perception of high brand quality, which can serve as even a stronger catalyst for consumers to trust the unknown brand. With literature support, the following hypotheses on the direct and indirect roles of perceived quality on trust are presented:

H₇: Consumers' perceived quality has a positive influence on trust in an online setting.

H₈: Consumers' perceived quality mediates the relationship between store name and trust in an online setting.

H₉: Consumers' perceived quality mediates the relationship between brand origin and trust in an online setting.

Previous experience in online purchasing

This study examines the influence of previous online purchase experience (ie experience vs no experience) of a specific product category on the quality-risk and quality-trust relationships. In their research, Park *et al.*³⁰ discuss how a consumer's brand familiarity and previous online apparel shopping experience influence perceived risk regarding a brand and future online purchase intention of it.

Dai³¹ also found similar results where female consumers perceived less product performance risk with increased previous online apparel shopping experience. In both studies, previous shopping experience increased the consumer's confidence in upcoming purchases in the same product category. Thus, the present researchers posit that when consumers are inexperienced with the brand, they may depend even more on their past online experience with the product category (eg cosmetics) to determine how quality will alleviate risk or build trust. The following hypotheses are developed:

H₁₀: Previous online purchase experience will have a moderating effect on the relationship between the consumer's perception of quality and risk.

H₁₁: Previous online purchase experience will have a moderating effect on the relationship between the consumer's perception of quality and trust.

METHOD

This study employed a web experiment to simulate webpages for the cosmetic brand, Herborist. Herborist was the chosen brand for the study because it is an existing foreign (Chinese) cosmetic brand which is unknown in the USA, but well known in China and successfully launched in Europe. The design of the study was a 2 (brand origin: Japan vs China) by 2 (store name: Nordstrom vs Amazon) between-subjects factorial design.

Stimulus development

A pretest was conducted to develop a realistic mock website inspired by the Herborist website (herborist-international.com) and to select reliable experimental stimuli for the brand cues in

the main experiment. The first test was to ensure unfamiliarity with the brand. Familiarity was measured based on a scale from 1 'unfamiliar' to 7 'familiar'. The mean score ($M=1.27$; $SD=0.86$) showed the participants were unfamiliar with the brand.

Secondly, several other online stores were examined to select the highest score in experience, familiarity and the perception of merchandise quality of an unfamiliar brand. Amazon and Nordstrom were deemed an appropriate set of comparison for all three characteristics. Based on a scale from 1 'low quality' to 7 'high quality', the mean scores show that consumers had a lower perception of merchandise quality on the Amazon website ($M=5.65$; $SD=1.76$) compared with Nordstrom online ($M=6.71$; $SD=1.29$); $t(1, 274)=9.21$, $p<0.001$. Thus, Nordstrom was perceived as a higher-quality store than Amazon.

Thirdly, with different levels of quality design reputation, the three Asian countries (Japan, South Korea and China) were tested to select the two brand origins with significantly different quality perception. The respondents perceived brands from Japan ($M=3.60$; $SD=0.94$) as higher in quality than South Korea ($M=3.15$; $SD=1.01$) and China ($M=2.88$; $SD=1.14$), showing a significant difference in quality perception between Japan and China at $F(2, 40)=4.06$, $p<0.05$ only. Thus, Japan and China were chosen for comparison.

Lastly, as Herborist is a cosmetic brand, a skincare bottle was presented as the representative product for the brand on the webpage. Skincare was chosen as it is the largest category in the cosmetics industry.²² To ensure that the bottle design was not a confounding factor, participants' perception of the bottle design was tested to ensure respondents could not distinguish whether the brand was from Japan or China.

Instrument development

All items came from the existing literature, had appropriate reported reliabilities (Cronbach's alphas >0.91), were adapted to reflect online homepages and used seven-point Likert-type scales.

Perceived quality

The original five-item scale of Agarwal and Teas²³ was modified to the four items ($\alpha=0.94$) that were applicable to the brand and cosmetic product in this study. A higher score indicated higher brand quality (ie the brand is likely to be reliable).

Perceived risk

Three of the five items of perceived risk were adapted from Agarwal and Teas²³ as only three were relevant to this study context. To reflect the financial risks associated with brand performance post-purchase, two scales from the dimensions of perceived risk (financial [$\alpha=0.90$] and brand performance risk [$\alpha=0.84$]) were combined to measure the overall perceived risk of the brand. A higher score indicates lower risk associated with the brand, and includes questions such as 'I am certain that the product from the brand will work'.

Trust

Four items of trust in the brand were adopted from Verhagen *et al.*⁸ ($\alpha=0.96$). The items were originally developed to measure party (vendor) trust, but are applied to brand context for this study (eg 'I expect the brand Herborist to be dependable'). A higher score indicated lower trust in the brand.

Online purchaser of cosmetics

One item measured online purchasers of cosmetics asking, 'What percentage of cosmetics do you purchase online?'

Brand familiarity

This scale was used as a manipulation

check for both studies to ensure that the respondents were not familiar with the brand. A seven-point scale was developed to measure brand familiarity based on the consumer's experience with the brand. The items asked to rate the consumer's experience with the brand from 'no previous experience' to 'much experience'. The second item asked to rate the familiarity of the brand from 'unfamiliar' to 'familiar'.

Reputation of store merchandise quality

One item measured the reputation of the store merchandise on a seven-point scale ranging from 'low quality' to 'high quality', asking the consumer to 'rate the online store (Nordstrom or Amazon) based on the quality of the merchandise at the store'.

Procedure

The data were collected from a convenience sample of college women at a large US university as they make up almost two-thirds of online shoppers at apparel and accessories websites.³² Males were excluded from the study due to the product category.

Invitation e-mails with a URL link to a mock website were sent to potential participants who were randomly assigned to one of the four treatment conditions as they clicked the link. Participants viewed one of the four websites (Japan vs China; Amazon vs Nordstrom) with the Herborist cosmetic product, and then answered a set of dependent measures followed by demographic questions including their past experiences in shopping for and purchasing cosmetics online and offline.

RESULTS

Sample characteristics

A total of 268 female students with a mean age of 24 years participated in the

web experiment. The majority of the participants were white/European American (74 per cent). More than half of all participants reported having shopped at least once online (59 per cent), while less than half had purchased at least once online (41 per cent).

Preliminary analysis

The internal reliability of the scale items was analysed using Cronbach's alpha. All items had adequate reliabilities: 0.94 for perceived quality, 0.98 for trust and 0.91 for perceived risk.

Hypotheses testing

Store name and perceived quality

ANOVA was conducted in order to test the main effects for store name and perceived quality. ANOVA revealed a significant main effect for the store name, $F(1, 268) = 32.07, p < 0.001$. The brand sold at Nordstrom was perceived to have higher quality ($M = 4.57$; $SD = 1.13$) than at Amazon ($M = 3.76$; $SD = 1.22$). Thus, H_1 was supported.

Brand origin and perceived quality

ANOVA was conducted to test the main effects for brand origin on the perceived quality. No main effect for brand origin ($p = 0.45$) was found, thus H_2 was unsupported. The level of quality perception for Chinese or Japanese brand was similar for each store name (For Amazon: China [$M = 3.84$; $SD = 1.18$] and Japan [$M = 3.67$; $SD = 1.26$]; for Nordstrom: China [$M = 4.64$; $SD = 1.16$] and Japan [$M = 4.51$; $SD = 1.11$]). No interaction effect was found between the store name and brand origin ($p = 0.89$); thus H_3 , H_6 and H_9 were unsupported.

Perceived quality and perceived risk

A simple regression analysis revealed a negative relationship between perceived quality and perceived risk ($\beta = -0.53$,

$t = -9.82; p < 0.001$), supporting H_4 . Perceived quality accounted for 27 per cent of the variance in perceived risk.

Perceived quality and trust

A simple regression analysis revealed a significant positive relationship between perceived quality and trust ($\beta = 0.72, t = 13.82$) supporting H_7 . Perceived quality accounted for 42.1 per cent of the variance in trust.

Mediating analysis for H_5 and H_8

To test the mediation effect for perceived quality between the store name and the consumer's perceived risk in the brand, the Sobel test was conducted.³³ Store name (independent variable) had a significant relationship with perceived risk (dependent variable) with $\beta = -0.33, t = -2.13, p < 0.05$ in the first stage. Store name (independent variable) also had a significant relationship with perceived quality (mediator), with $\beta = 0.83, t = 5.75; p < 0.001$ in the second stage. Perceived quality (mediator) had a significant influence on the perceived risk (dependent variable) with $\beta = -0.55, t = -9.54, p < 0.001$ in the third stage. However, the impact of the store name on perceived risk (dependent variable) did not exist when the perceived quality was controlled in the third step ($p = 0.38$). This demonstrates that store name does not directly influence perceived risk, but directly influences quality. Based on these results, perceived quality is a full mediator between store name and perceived risk, supporting H_5 .

The mediation effect for perceived quality between the store name and the consumer's trust was also tested using the Sobel test (33). Store name (independent variable) had a significant relationship with trust (dependent variable) with $\beta = 0.60, t = 3.63, p < 0.001$ in the first stage. Store name (independent variable) had a significant relationship with perceived quality (mediator), with $\beta = 0.81, t = 5.58;$

$p < 0.001$ in the second stage. Perceived quality (mediator) had a significant influence on the trust (dependent variable) with $\beta = 0.71, t = 12.99, p < 0.001$ in the third stage. However, the impact of the store name on trust (dependent variable) did not exist when the perceived quality was controlled in the third step ($p = 0.87$). This demonstrates that (1) store name does not directly influence trust; (2) store name does directly influence quality; and (3) only through perceived quality does store name truly influence trust. Based on these results, perceived quality is a full mediator between store name and trust, supporting H_8 .

Moderating analysis for H_{10} and H_{11}

The moderating effect of previous online purchasing experience with cosmetics on perceived quality and perceived risk was conducted using nested regression. The main effects of quality ($\beta = -0.53, t = -9.83, p < 0.001$) and online purchase experience ($p = 0.25$) explains 27 per cent of variance, $F(2, 259) = 48.69; p < 0.001$. The addition of the interaction ($\beta = -0.36, t = -3.33, p < 0.01$) of quality ($\beta = -0.36, t = -4.73, p < 0.001$) and online purchase experience ($\beta = 1.32, t = 2.85, p < 0.01$), explains 30 per cent of the variance, $F(3, 258) = 37.41, p < 0.001$, which is an additional 3 per cent of variance, $F(1, 258) = 11.07, p < 0.01$, supporting H_{10} . Including the interaction of quality and online purchase experience also changes online purchase experience to have a significant influence on perceived risk. This shows that those who have experience with online purchase are more sensitive to quality when alleviating risk.

The moderating effect of online purchasing experience with cosmetics on perceived quality and trust was conducted using nested regression. The main effects of quality ($\beta = 0.73, t = 13.98, p < 0.001$) and online purchase experience ($\beta = 0.32, t = 2.41, p < 0.05$) explains 43 per cent of variance, $F(2, 261) = 99.58; p < 0.001$. The

addition of the interaction ($p=0.58$) of quality ($\beta=0.70$, $t=9.60$, $p<0.001$) and online purchase experience ($p=0.87$), still explains 43 per cent of the variance, $F(3, 260)=66.31$, $p<0.001$, which is the same percentage of variance ($p=58$), thus rejecting H_{11} . Regardless of past online purchase experience, trust is built through perceived quality.

DISCUSSION AND MARKETING IMPLICATIONS

With a rising need of strategies for emerging stores using online as their first retail channel, this study attempts to further knowledge on the influence of familiar cues for unfamiliar brands to establish positive associations of the brand and mitigate the risk of brand uncertainty in the context of online shopping in the USA. Especially for brands which are new to consumers, it is difficult to initially alleviate the perceived risk and build initial trust. Thus, it is important to effectively communicate positive messages about the brand to potential customers to help alleviate risk and build trust.

The result of this study shows that certain (but not all) brand cues are effective in the introduction of an unknown brand. Specifically, unfamiliar brands associated with the store name Nordstrom were perceived to be of higher quality than ones associated with Amazon. Although both Amazon and Nordstrom had a high score for quality perception, the significant difference in quality perception shows the importance of forming associations with appropriate stores. For value-driven stores like Amazon, the quality of the products sold varies to a great extent compared with the quality of products sold by Nordstrom, which exclusively sells high-quality merchandise. Thus, especially for soft goods where the perception of quality can vary drastically depending on the

marketing of the product, brands need to consider carefully where their products are placed, and what kind of new, but lasting associations they are creating for themselves for their customers. Thus, stores like Amazon fit better for value-driven brands aiming to gain visibility, while stores similar to Nordstrom work best with high-end driven brands. Although partnering with established online retailers lowers initial margin, unfamiliar brands first need to establish visibility and build trust in order for consumers to start traffic on their own websites. Thus, initial investment in promoting brands this way is an effective method for unfamiliar brands.

In contrast to store name, national origin of the brand did not influence perceived quality among young US consumers. The level of consumers' quality perception was found to be similar whether the brand was from China or Japan. Although pretest results showed a difference in quality perception among Chinese and Japanese brands, when the two brand origins were put into an online fashion shopping scenario with a brand and store name, the brand origin did not influence perceived quality. Unless brand origin is a salient cue (as in pretest), people may not pay much attention to a brand origin cue given that increasing global sourcing in fashion products is resulting in ubiquitous foreign origins in retail markets. Another explanation might be that younger consumers are less influenced by brand origin, particularly for fashion brands, than they actually state. In brief, practitioners can utilise appropriate cues for their brands to build the first positive impression, as a basis for building other important constructs such as quality and trust.

Consistent with past literature, building the consumer's quality perception was found to be an effective method to alleviate this risk and build trust with potential customers. Specifically in this study, quality perception was found to be a

perfect mediator through which store name alleviated risk and built initial trust. Familiar cues like store name did not directly alleviate risk or build trust in the brand for consumers, but the store name contributed in building quality perceptions, which was the main contributor in alleviating risk and building trust. Thus, perceived quality becomes an even more important focal point for unfamiliar brands when trying to reduce risk and build trust online. Online brands with new consumer groups should concentrate their marketing efforts on developing quality building cues to alleviate risk and build trust associated with brand performance.

Furthermore, previous online purchasing experience with cosmetics was found to influence how consumers' quality perception alleviates risk. As posited, when consumers are unfamiliar and inexperienced with the brand, those with past online purchase experience depended more on their past online experience with the product category (cosmetics) to determine how quality would alleviate risk. While building quality perception is an effective strategy for alleviating risk for unfamiliar brands, it is not as strong an influence on consumers without past online purchase experience with the product category. Thus, the main target for emerging online brands should be narrowed down to frequent purchasers in the product category the brand is carrying. The results show that there are other factors (eg fear of purchase itself) contributing to the performance risk associated with unknown brands. On the other hand, previous online purchase experience did not explain how consumers' quality perception builds trust. Perceived quality equally helped to build trust whether or not the consumers had previous online purchase experience with cosmetics. These distinct findings on how quality influences risk and trust further

reinforce risk and trust as two distinct entities. It is easier to build trust in quality for both consumers with or without online purchase experience, but it is not easy to alleviate quality-related risk for those consumers without online purchase experience.

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