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Trust Building Model of Customers on B2C Websites: A Research on Generation Y Customers

B2C Web Sitelerinde Müşterilerin Güven Oluşturma Modeli: Y Jenerasyonu Müşterileri Üzerine Bir Araştırma

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ABSTRACT

New generation consumers have a tendency to rely more on digital media in their consumption process. This research aims to explain the purchasing behavior of Generation Y consumers. Effects of the peer to peer interactions of Generation Y consumers on brand awareness and brand trust form the conceptual model of this research. In the introduction part of the research, previous work on WoM, eWoM, brand awareness and brand trust in the literature are evaluated. In the remainder of the research, a conceptual model is tested with a survey collected from overall Turkey. The sample consists of Generation Y individuals. More than 400 distributed, 305 valid questionnaires were gathered. In order to measure Brand Awareness and Brand Trust, the scales adopted by Han et al. from prior studies were used (Han, Nguyen, & Lee, 2015). In order to measure the eWOM, the scale developed by Goyette et al. was used (Goyette, Ricard, Bergeron, & Marticotte, 2010). These results of the tests indicate a positive and significant relationship between WOM Content and Brand Awareness, between WOM Intensity and Brand Awareness and between Brand Awareness and Brand Trust.

Keywords: Brand awareness, Brand trust, Words of mouth effect, Generation Y, B2C.

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Öz

Yeni jenerasyon tüketiciler, tüketim süreçlerinde dijital mecraları kullanma eğilimindedirler. Bu çalışma, Y Jenerasyonu tüketicilerin alışveriş davranışını incelemeyi amaçlamaktadır. Çalışmayla Y Jenerasyonundaki tüketicilerin diğer tüketicilerle etkileşiminin marka algısı ve marka güvenine etkisi incelenmiştir. Diğer tüketicilerle etkileşim olarak çevrimiçi mecralarda ağızdan ağıza iletişim incelenmiştir. Çalışmanın giriş bölümünde ağızdan ağıza iletişim, çevrimiçi ağızdan ağıza iletişim, marka algısı ve marka güveni kavramlarının literatürdeki yeri incelenmiştir. Çalışmanın geri kalan bölümünde geliştirilen kavramsal modelin 400 kişiye uygulandığı ve 305 geçerli sonucun elde edildiği anket çalışması ile sınaması gerçekleştirilmiştir. Marka algısı ve marka güvenini ölçmek için Han vd.'nin geliştirdiği ölçekler kullanılmıştır (Han, Nguyen, & Lee, 2015). Çevrimiçi ağızdan ağıza iletişim boyutunu ölçmek için Goyette vd.'nin geliştirdiği ölçekler kullanılmıştır (Goyette, Ricard, Bergeron, & Marticotte, 2010). Test sonuçlarına ağızdan ağıza iletişim içeriği ile marka algısı ve ağızdan ağıza iletişim yoğunluğuyla marka algısı ve marka güveni arasında pozitif yönlü bir ilişki tespit edilmiştir.

Anahtar Kelimeler: Marka farkındalığı, Markaya güven, Kulaktan kulağa etkisi, Y Jenerasyonu, B2C.

1. INTRODUCTION

Historically, word of mouth (WoM) has been influential and undoubtedly affect human beings and their consumption decisions. WoM is one of the most effective ways of attracting customers (Duhan et.al, 1997) and is found to be nine times more effective than advertising in changing consumer attitudes (Day, 1971). The peculiar characteristic of word of mouth communication is that it's, by nature, interpersonal, informal, spontaneous and thus trustworthy. This is in contrast to a brand-oriented commercial message which is increasingly perceived as untrusted.

In today's highly cluttered and highly competitive markets where consumers are exposed to an excessive amount of commercial messages, trust issue becomes an important concern. WoM comes in as a cure to this problem by employing peer opinions in the decision process. With the advent of social media, consumers are now not only being influenced by peers that they are acquainted with, but peers they don't know can substantially influence consumers in a positive or negative manner.

Social media revolution has powerful implications amplifying consumers' increased power in the equation with the brands. Consumers are no longer passive information recipients, but they are rather active information sources considered to be trusted by other peers as opposed to brand-oriented commercial messages. Online peer comment is being more important. Consumers increasingly resort to online peer comments when making their purchasing decisions. Other implications include the trend in communication means from push marketing, in the form of one-way messages that has interrupting nature, to pull marketing where consumers choose to be the initiator in the two-way information dialogue with the brands. Consequently, Web 2.0 has increased the power of the consumer.

Social media put the old-age WoM to a new stage, electronic media, namely, electronic word of mouth, (eWoM) that brings about a powerful global conversation between consumers all around the world. (Levine et.all, 2009). eWOM allows peers to interact with one another, exchange product-related information, and make informed purchase decisions via online conversations (King, Racherla & Bush, 2014). Instead of wasting time investigating brand-oriented commercial messages, consumers turn to peer opinions in the form of eWoM which is characterized as informal.

New generations tend to rely more on digital media in their consumption process. Among current consumers, Generation Y individuals have more buying potential comparing other generations. This

research aims to explain the purchasing behavior of Generation Y consumers. Effects of the peer to peer interactions of Generation Y consumers on brand awareness and brand trust form the conceptual model of this research. To clarify the relations in this model is the main objective of this research.

2. CONCEPTUAL BACKGROUND

2.1. Word of Mouth

Word of mouth is defined as an interpersonal communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand (Arndt, 1967). The characteristics specific to the WoM communication is that it has an informal, thus implicitly more trustworthy aspect (Westbrook, 1987) and none of the participants are marketing sources (Bone, 1995). Further, Silverman (2001) states that in order for the communication to be considered as WoM, the medium should also be perceived as independent of the brand.

WoM communications can take place via personal recommendation sources like friends, family and acquaintances (Brown et al, 1987, Duhan et. al, 1997), or impersonal recommendation sources like columns, articles, commentary etc. (Senecal et.al, 2005). With the advent of the digital revolution, an electronic extension of WoM, eWoM has evolved. eWoM is defined as any positive or negative statement made by consumers about a brand which is made available to a multitude of people via the Internet (Hennig-Thurau et. al, 2004). eWOM may seem to be less personal but it is more powerful because it is immediacy, significant reach, credibility by being in print, and is accessibility by others (Hennig-Thurau et al., 2004).

Existing literature measure WoM across different dimensions. One important dimension is the WoM content that focuses on what's being said about the brand (Higie et al, 1987). Higie et al (1987), Bone (1992) and Mangold et al (1999) have studied this WoM dimension. Another dimension is WoM intensity, which can be identified as the scope of WoM and studied extensively by Godez et all (2004), Harrison-Walker (2001). This dimension has activity, volume and dispersion sub-constructs. Activity, here, refers to the frequency of WoM. Volume refers to the number of messages about the brand. Dispersion refers to the extent and diversity of virtual communities in which conversations on a given brand take place.

2.2 Brand Awareness

Brand awareness can be defined as "the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category (Aaker, 1991). Brand awareness sub-contracts are brand recognition and brand recall (Keller, 1993). Brand recognition takes place when consumers are exposed to brand-oriented messages. Brand recall can be defined as the consumers' ability to retrieve brand-related information from their memory. Brand awareness provides added value to a brand which creates familiarity, and hence commitment from consumers (Aaker, 1991).

2.3. Brand Trust

The Brand trust, in e-commerce context, is defined as 'a set of beliefs held by consumer regarding defined characteristics and possible future behavior of the e-commerce site. (Coulter and Coulter, 2002). It has also been found that trust affects customer attitudes towards (Lee et.al, 2005) and stimulates purchasing (Quelch and Klein, 1996; Corbitt et al., 2003) from e-commerce sites. Online medium imposes some concerns surrounding privacy and security of consumers. Therefore, development and maintenance of consumer trust are critically important in e-commerce context (Fournier and Yao, 1997; Papadopoulou et al., 2001; Urban et al., 2000).

3. RESEARCH MODEL AND HYPOTHESIS DEVELOPMENT

The Conceptual Research Model presented in Figure 1 aims to explore the sequential relationship between WOM, Brand Awareness and Brand Trust.

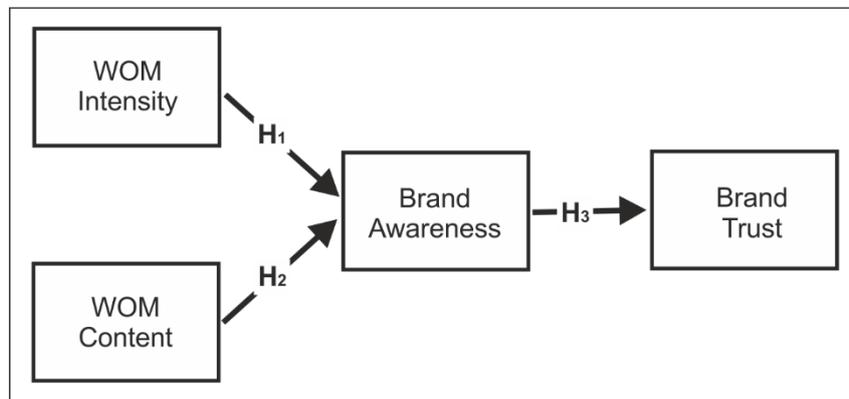


Figure 1. Conceptual Research Model

3.1. The Relationship between WOM and Brand Awareness

According to Hoyer (1990) and MacDonald et al (2000) WoM affects brand awareness. Hoyer (1990) and MacDonald and Sharp (2000) studied and pinpointed the role of WoM on brand awareness in consumer buying behavior. Esch et al.(2006) evaluated a similar model in online context and showed the relationship between WoM and awareness. Thus, in the light of the existing literature, we hypothesize that:

H₁: WOM Intensity has a positive effect on Brand Awareness.

H₂: WOM Content has a positive effect on Brand Awareness.

3.2. The Relationship between Brand Awareness and Brand Trust

As suggested by previous studies (Aaker and Keller, 1990; Smith and Wheeler, 2002, Macdonald and Sharp, 2000), brand awareness has a relationship with trust. Prior studies show that a brand with high brand awareness leads to higher brand trust and purchase intention by the customers (Aaker and Keller, 1990) and that if consumers are more familiar with a brand, implying high brand awareness, they will be more likely to trust in that brand (Smith & Wheeler, 2002). Previous studies also mention that consumers use brand awareness as a heuristic when choosing a product because of their reliance and trust to a well-known brand Leong (1993) and Macdonald and Sharp (2000). Thus, in the light of the existing literature, we hypothesize that:

H₃: Brand Awareness has a positive effect on Brand Trust.

4. RESEARCH METHODOLOGY

This research is a quantitative cross-sectional research and a five-point Likert scale was used in the survey. Firstly the reliability and validity of Likert type ordinal scales were determined. Subsequently, structural equation modeling method was used to test the hypotheses. This method is a multi-variable statistical method. Structural Equation Model was used due to clarifying direct and indirect relationships between

variables in a single model (Meydan & Şeşen, 2011). This method is good for eliminating measurement errors (Byrne, 2010). AMOS and SPSS statistics programs were used for analyses.

4.1 Measures and Sampling

The scales adopted from prior studies were used to measure the dimensions. The scales adopted by Han et al. from prior studies were used to measure Brand Awareness and Brand Trust (Han, Nguyen, & Lee, 2015). For measuring the eWOM, the scale developed by Goyette et al. was used (Goyette, Ricard, Bergeron, & Marticotte, 2010). 5-point Likert scale ranging from strongly disagree to strongly agree was used. More than 400 distributed, 305 valid questionnaires were gathered from prominent cities throughout Turkey. 171 of the respondents are male and 134 are female.

4.2 Construct Validity and Reliability

After the data purification process, 13 items were included in the confirmatory factor analysis. To assess convergent validity, confirmatory factor analysis was performed on the scales by using AMOS 23 (Anderson & Gerbing, 1988). CFA results indicated that the model has adequate fit: $\chi^2/DF = 1.266$, CFI=0.974, IFI=0.975, RMSEA= 0.047. CMIN is The Likelihood Ratio Chi-Square Test. The analysis shows the conformity of the initial model and acquired model. A CMIN/DF ratio is under the threshold level of 3 (Bagozzi & Yi, 1990). Furthermore, other fit indices exceeded their recommended thresholds.

Table 1. Confirmatory Factor Analysis Results

Variables	Items	Standardized Factor Loads	Unstandardized Factor Loads
Brand Trust	BTr01	0.753	1
	BTr02	0.839	1.131
	BTr03	0.860	1.093
Brand Awareness	BAw04	0.680	1
	BAw05	0.762	1.312
	BAw06	0.856	1.300
WOM Intensity	WIn07	0.854	1
	WIn08	0.733	0.975
	WIn09	0.610	0.839
WOM Content	WCo10	0.593	1
	WCo11	0.575	0.901
	WCo12	0.885	1.536
	WCo13	0.693	1.041

p<0.05 for all items

Confirmatory Factor Analysis Results are shown in Table 1 and standardized factor loads of each item are larger than 0.5 and significant. These values show the convergent validity of the scales. In order to assess discriminant validity, the square roots of average variance extracted values were calculated and compared with correlation values of the constructs. In Table 2, the diagonals demonstrate the square root of AVE value of each variable. And as shown in Table 2, the square roots of average variance extracted values are beyond the correlation values (Byrne, 2010). Reliability of each construct individually

calculated. Composite reliability and Cronbach α values are beyond the threshold level (i.e. 0.7) (Fornell & Larcker, 1981). Composite reliabilities, average variance extracted values, Cronbach α values and Pearson correlation coefficients of the constructs are shown in Table 2.

Table 2. Correlations, AVE and Reliability of the Constructs

Variables	1	2	3	4
1.WOM Intensity	(.70)			
2.WOM Content	.223*	(.74)		
3.Brand Awareness	.185*	.105*	(.77)	
4.Brand Trust	.269*	.205*	.105*	(.82)
Composite reliability	.79	.78	.81	.86
Average variance ext.	.49	.55	.59	.67
Cronbach α	.77	.77	.81	.86

*p < 0.05

Note: Diagonals show the square root of AVEs.

4.3 Test of Hypotheses

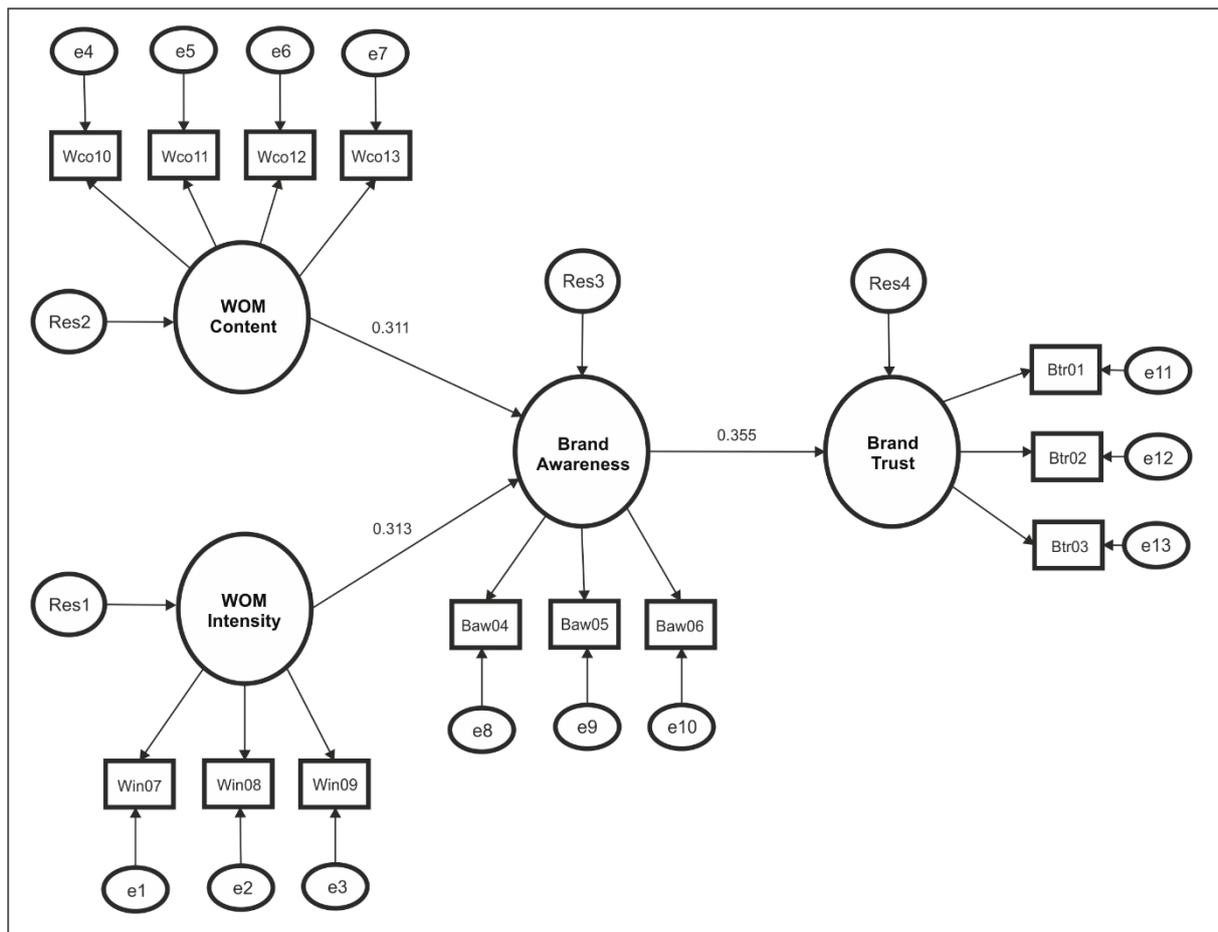
The structural model has been analyzed by using AMOS 23. To test the hypotheses, maximum likelihood estimation methods and the covariance matrix of the items were used. The absolute and relative goodness-of-fit indices of the model were evaluated. In this analysis, the following indices were used: The absolute goodness of fit indices are the root mean square error of approximation (RMSEA) and the χ^2 goodness of fit statistic. The relative goodness of fit indices is the comparative fit index (CFI) and the incremental fit index (IFI).

Table 3. Hypotheses Test Results

Relationships	Standardized Coefficients	Unstandardized Coefficients
WOM Content → Brand Awareness	0.311*	0.257*
WOM Intensity → Brand Awareness	0.313*	0.284*
Brand Awareness → Brand Trust	0.355*	0.449*

*p < 0.05

As shown in Figure 2, structural model fit indices adequately indicate model fit. χ^2/DF value is 1.677 and within threshold levels (i.e. between 0 and 2). CFI and IFI are 0.933 and 0.935 respectively. RMSEA is 0.075. The results indicated that the model has adequate fit (Civelek, 2018). As shown in Table 3, H_1 , H_2 and H_3 are accepted. These results of the tests indicate a positive and significant relationship between WOM Content and Brand Awareness, between WOM Intensity and Brand Awareness and between Brand Awareness and Brand Trust.



Note: $\chi^2/DF = 1.677$, CFI = 0.933, IFI = 0.935, RMSEA= 0.075

Figure 2. Results of SEM Analysis

5. CONCLUSION

As a result of the research, effects of the peer to peer interactions of Generation Y consumers in social media on brand awareness and brand trust have been clarified. Peer to peer interactions, here, refers to eWOM. Two dimensions of the eWOM, namely, WoM content and WoM intensity positively affect the brand awareness provided that the comments are positive. The intensity of these positive comments exerts a positive influence on brand awareness. Subsequently, brand awareness affects brand trust in a positive manner. The most notable finding of this research is to clarify the indirect effect of eWOM on brand trust through brand awareness. Consequently, this paper may also pave the way for future researches on this topic.

Most important limitation of this research is the sample size. Although preferred sample size is more than 400, due to practical constraints, only 305 valid sample size has been reached. Nevertheless, validity and reliability of the scale has been determined. This research can be repeated with larger sample sizes.

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