The Impact of Perceived Long Term Eestablished New Brands Versus Newly Established Brands on Purchasing Channel Preference: A Conceptual Model Development

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***Abstract*—This study aims to investigate the impacts of perceived long-term established brands (LEB) and newly established brands (NEB) on consumers' purchasing channel preferences (online vs traditional channels) in the context of emerging markets. It also proposes moderating the effects of brand country of origin and millennial generation on the associations between the new brand concepts and channel preferences. A conceptual model and propositions are offered, along with a data collection plan involving manipulation cues development and experiments. The study provides firms planning to introduce their brands into emerging markets a framework suitable for consumers' perceptions of the brand and channel preference**

Keywords—Long-term established new brands, Newly established brands, Purchasing channel preference, country of origin

I. Introduction

The rise of digital platforms has become an important driver in allowing consumers to search and shop simultaneously through online and offline channels, specifically in consumer products (e.g. foods, cosmetics, clothes, etc.) in emerging markets (e.g., Thailand, India, Brazil). This phenomenon particularly influences long-term established firms (i.e., well-known companies) in most countries when employing online channels for their brands when entering the new international emerging markets. As consumers in these markets have dramatically increased their daily reliance on digital platforms and received a great deal of information to enhance their knowledge of international brands, the markets also attract many newly established firms to launch their newly established brands. Thus, it is inevitable that firms aiming to enter new emerging markets face challenges in effectively designing their distribution channels suitable for their brands.

Currently, the benefits of online channels, as opposed to traditional channels in offering benefits to long-established firms and new-established firms, have not been empirically concluded. A previous study investigated firms' benefits (e.g., cost reduction) when replacing or adding online channels to existing traditional store channels. Cassar et al. showed that online stores, in the long run, are expected to enjoy a significant cost advantage over their brick-and-mortar counterparts primarily due to lower overhead and infrastructure costs [21]. However, Hübner et al. suggested that expanding brands to online channels requires firms a significant investment in infrastructure, processes and capabilities for warehousing and distribution [20]. Others demonstrated an increasing number of offline stores in emerging markets, as most consumers prefer face-to-face interactions over online channels where human interactions are absent. Therefore, firms that aim to launch brands in emerging markets still require a concrete direction to select their channels effectively.

The purpose of this study is to investigate the impacts of perceived Long-term Established Brands (LEB) versus Newly Established Brands (NEB) on consumers' purchasing channel preferences (online channels versus traditional channels) for brands launching into new markets. We aim to answer the following research questions: How do consumers approach online versus traditional channels differently when purchasing from LEB and NEB? And how do the millennial generation (Gen M) and Brand Country of Origin (COO) moderate the relationship between perceived LEB and NEB and channel preference? We commence with a literature review, followed by a conceptual model and proposition development. We conclude with a plan of methodology for data collection.

This study aims to contribute to the purchasing channel preferences literature. Purchasing channel preference has been discussed pervasively in retailing strategy [4]. However, few studies consider that the COO may influence the impact of a new brand on consumers' channel decision process. We extend the country-of-origin image (COI) literature [19] by integrating COO image as an important role on channel strategy. In addition, the study enriches the understanding of a new brand concept by distinguishing the new brand based on years of brand establishment, brand reputations, brand awareness, online information availability and accessibilities. We aim that the distinction of these new brands requires a difference in purchasing channel preferences strategies. Lastly, we aim to contribute to managerial practice by providing guidelines for

companies to launch new brands with the appropriate channel compatible with their new brand definitions.

II. LITERATURE REVIEW

Long-term established New brands (LEB) and Newly Established Brands (NEB).

While international and even national brand owners focus on tailoring their brands to local markets, local and regional brand owners seek to expand their brands to national levels. This is due to the saturation in the existing markets and high opportunities in international markets that drive many local firms to expand their market internationally. Lewis [9] examined the elements of the decision-making process for brand owners expanding beyond their home region and compared this process with the internationalization of national brands. Unlike global brands of multinational firms, when a local foreign firm enters a new market abroad, consumers in the new market may see the brand as a new brand. More importantly, consumers may perceive this new brand differently, depending on the story behind the brand. In this case, new brands can be classified into two types. One is long-term established new brands or LEB, which is the brand that has long been established from long-term established firms in one country, but firms aim to expand it to a new international emerging market. In this case, consumers in the emerging market would perceive the brand as new to them despite its long and extensive development in other countries. However, they would also gain information online regarding the brand's long history in the origin country or, in some cases, through traditional mediums. The other type of new brand is a newly established brand or NEB, which is a brand that originated from a newly established firm and aimed to sell its brands to emerging countries. Therefore, NEB has been perceived by consumers in emerging markets as a truly new brand. They hardly search for product knowledge and brand information online. NEB generally acquires lower brand equity, and most consumers would perceive higher risks associated with online shopping than LEB. Due to the nature of these new brands, there is less information available for consumers to support their buying decision.

Customers' purchasing channel preference

Channel choice is under the buying decision process of consumer behaviour. In this context, purchasing channel preference is the channel consumers are likely to choose for buying products.

Previous studies suggest key factors that drive channel preference (between the traditional and online channels) and elements that support the decision process and implementation of a multichannel strategy. Schoenbachler and Gordon [4] offered that the first factor that explains channel preference relates to perceived risk, which can be a financial risk, social risk, physical risk or some combination. The second factor is consumer experience. Foucault and Scheufele found that pleasant experiences of buying online encourage consumers to repeat purchasing online [5]. They also conclude that the more experiences consumers have with a channel, the more likely they would choose it. The last factor is product and service. Klein et al. [8] and Zhang and Reichgelt show that complex products are perceived as high risk, causing consumers to prefer personalized, face-to-face channels that allow two-way interaction [22]. Moreover, Rananathan and Ganapathy illustrate that security and privacy issues prevent consumers from shopping online due to their reluctance to provide personal information [2].

To design distribution channels effectively, firms need to gain insights into perceptions and intentions to purchase the target market before deciding on their channel strategies. This study will concentrate on emerging market consumers' channel decisions when purchasing between newly established and long-term established brands as they are introduced in markets.

Country of origin

Country of origin (COO hereafter) is an important basis for evaluating products [7]. Several studies explain the relationship between the country of origin and product evaluation. Consumers tend to evaluate products more favourably when the products are made in countries that enjoy positive images or perceptions [10]. If the information of COO is available, consumers will view it as relevant information and use it for evaluating product options. Herz studied how COO affects consumers' brand evaluation regardless of intention [6]. In addition, Chu et al. conclude that COO plays an equally important role in consumer product evaluation for both strong and weak brands [11]. In addition, Lin and Chen found that COO image significantly affects consumer purchase decisions under different product involvement [25]. However, current literature does not yet address how the image of COOs moderates the impact of new brands on purchasing channel preference.

Country of origin could show a positive moderating effect on the relationship between the two types of new brands and consumer channel preference. In the condition of a brand with a higher positive COO image, the positive influence of perceived new brands (LEB vs NEB) on consumers' channel preference will become stronger than in the opposite condition. This is due to higher consumer confidence and less perceived risk towards the product brand, leading to consumers' willingness to use online channels.

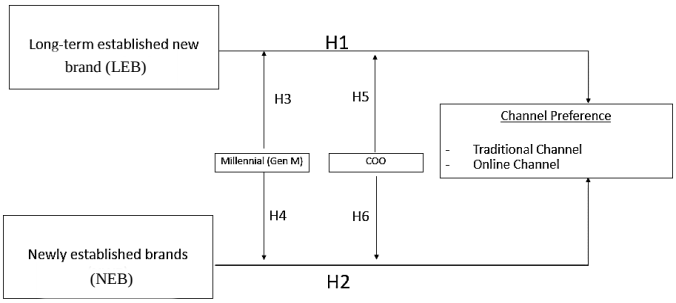
Millennial or Generation M consumers

The study brings the Millennial consumers (Gen M hereafter) as another moderator that could impact the associations between perceived new brands and consumers' channel preferences. This study classifies Gen M by consumer characteristics and online identity. They are self-centred, techno-savvy, environmentally conscious individuals who purchase more than other generations and have low brand loyalty [1], [26]. Littman (2008) reveals that the Millennial's choice of a new brand is often determined by peer recommendation via social networking channels. Lingelbach et al. [3] state that Millennials are internet savvy and experienced in maintaining connections with their peers' online communities through effective use of social media. Thus, a thoughtful social media strategy could accelerate new product introduction among these consumers.

IIII. CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

Based on the literature review, a conceptual model and hypotheses could be drawn.

FIGURE I. CONCEPTUAL MODEL



In the context of emerging markets, we postulate that when consumers are exposed to LEB, they tend to purchase more online than through traditional, offline channels (Figure I). Consumers prefer online channels as they can search for brand information through various sources and therefore gain confidence to purchase. Therefore, proposition 1 is advanced as follows:

Proposition 1 (P1): LEB has a stronger impact on online channels than traditional channels.

When consumers are exposed to NEB, they mostly tend to purchase via traditional channels. Since the newly established brand communication might reach a less online audience than the long-term established firms, consumers could perceive higher risk and subsequently seek additional information from the store or other traditional channels (e.g., direct-experience trial, discussion with the sales representative, etc.). Therefore, proposition two is offered as follows:

Proposition 2 (P2): NEB has a stronger impact on traditional channels than online channels.

We now develop hypotheses on how COO and Gen M moderate the strength of the relationship between the purchase of NEB and channel preference. If consumers perceive a good image and high brand equity of COO, their perception of LEB will drive a higher purchase online over traditional channels. In other words, COO positively affects the link between LEB and online channel preference. However, if consumers perceive good image and high brand equity of COO, their perception of NEB would stimulate a lesser purchase via traditional channels. That is, COO has a negative effect on the association between NEB and traditional channel preference. A good image of COO could cause consumers to perceive less financial risk, less product performance risk and less psychological risk of purchasing. Thus, consumers may tend to purchase less in-store but more through online channels. If consumers have to purchase NEB with a negative image of COO, they might be prone to purchase via traditional channels rather than online channels. According to Liu and Johnson [10], consumers tend to evaluate products more favourably when the products are made in countries that illustrate positive images or perceptions. Thus,

Proposition 3 (P3): LEB's positive impact on consumers' preference for online channels will be enhanced among positive image COO.

Proposition 4 (P4): The positive Impact of NEB on consumers' preference for traditional channels will be diminished among positive image of COO.

Gen M consumers, as they have grown up in and been familiarized with a world of digital technology, could employ online rather than in-stores when purchasing LEB. They might also tend to purchase LTB online more than through traditional channels. Therefore,

Proposition 5 (P5): LEB's positive impact on online channels will be enhanced among Gen M consumers.

Proposition 6 (P6): The positive Impact of NEB on traditional channels preference will be diminished among Gen M consumers.

IV. METHODOLOGY

This study plans to collect data in 2 phases; preliminary studies and the main study. Preliminary studies in phase 1 aim to develop brand manipulations for (1) long versus newly established new brand image cues and (2) positive versus the negative country of origin images of brands. Phase 2 is designed for the main study, investigating the relationships between all proposed hypotheses.

Phase 1: Preliminary studies.

This phase aims to investigate the manipulation cues. We plan to conduct the studies in two main steps.

Step 1: Researchers will conduct in-depth interviews with 10-15 undergraduate students from Thailand (as one of the emerging countries) to define manipulation cues for LEB and NEB, as well as for COO with positive and negative images. The interview topics include "What is your definition of LEB and NEB?", "which criteria would you use for defining brands as LEB and NWB?", "What will be your examples of LEB and NEB?", "What is your explanation COO with a positive image and with a negative image?". Literature suggests that the criteria for defining new brands include years of brands establishment, brand reputations, brand awareness, online information availability and accessibilities. Findings will then be employed for manipulating each construct. These manipulation cues will be used to form four combinations of brands as follows.

1. LEB from positive image COO
2. LEB from negative image COO
3. NEB from positive image COO
4. NEB from negative image COO

Step 2: Researchers will conduct a questionnaire pretest to examine each condition's validity. Four versions of questionnaires will be developed according to four manipulated conditions. Manipulation cues will develop manipulation check questions of LEB and NEB from step 1. On the other hand, manipulation check questions of COO will be adapted from Roth and Romeo [23] by asking respondents: "To what extent do you agree with the following sentences?":

1. Innovativeness: The product from this country is innovative.

2. Design: The product from this country has a good design.

3. Prestige: The product from this country has a good reputation

4. Workmanship: The product from this country has a good workmanship

Likert scales will range from 1 (strongly disagree) to 7 (strongly agree). ANOVA will be employed to examine each condition's mean difference between new brands and country of origin. It is expected that successful manipulation should demonstrate the result as shown below;

	Positive COO	Negative COO
LEB	Higher mean scores of new brand scales. High mean scores of COO scales	Higher mean scores of new brand scales. Low mean scores of COO scales
NEB	Lower mean scores of new brand scales. High mean scores of COO scales	Lower mean scores of new brand scales. Low mean scores of COO scales

TABLE I. EXPECTED RESULTS OF MANIPULATIONS

The values of each group should show significant differences to ensure that the four conditions are distinguished and ready for further examination in Phase 2

Phase 2: Main studies

The respondents will be 400 graduate students from Thai universities who have been living in urban for more than three years, using a specific product gained from phase 1 and have both online and offline channel purchasing experiences. They will be required to answer screening questions to minimize confounding effects that may distort the result.

The questions about screening respondents' online behaviour are under five conditions.

1. Computer and internet usage

2. Online shopping experience

3. Factors that encourage shopping online.

4. Factors that prevent shopping online; are security issues, privacy issues, difficulty returning goods, and difficulty getting a refund.

5. Stock availability.

Respondents will be asked to read a case study of a long-term brand's and a new brand's new market entrance of an observed product to investigate consumers' channel preferences. Then, they will be requested to rate their preference to purchase in a particular channel (online vs traditional channel). Cronin et al.'s three items of the behavioural intention scale will be adopted using a 7-point bipolar rating scale [24]. These items ask respondents to rate the degree to which channel (online or in-store channel) they prefer to purchase;

1. LEB from positive image COO

2. LEB from negative image COO

3. NEB from positive image COO

4. NEB from negative image COO

The details of scales measuring purchasing channel preference of new brand are illustrated below;

TABLE II. MEASUREMENT OF PURCHASING CHANNEL PREFERENCE

Read each brand information and you are considering to choose the channel to purchase newly brand		
Please mark X on a number for each item below to express your channel preference		
I will certainly NOT purchase this brand online.	1 2 3 4 5 6 7	I will certainly purchase this brand online.
I will NOT recommend that friends buy this new brand online	1 2 3 4 5 6 7	I will recommend that friends buy this new brand online
I would NOT buy this brand online	1 2 3 4 5 6 7	I would buy this brand online

Read each brand information and you are considering to choose the channel to purchase newly brand		
Please mark X on a number for each item below to express your channel preference		
I will certainly NOT purchase this brand in store.	1 2 3 4 5 6 7	I will certainly purchase this brand in store.
I will NOT recommend that friends buy this new brand in store	1 2 3 4 5 6 7	I will recommend that friends buy this new brand in store
I would NOT buy this brand in store	1 2 3 4 5 6 7	I would buy this brand in store

Survey administration

Scales will be translated into Thai by translators fluent in Thai and English, then reviewed by bilingual academic experts to verify the conceptual translation's accuracy and ensure that the scale items fit the context. Also, back-translation will be conducted to ensure the accuracy and consistency of the contents and wordings.

Data collection

Data collection will occur in the classroom setting of a Thai university. Participants will be recruited from volunteers who are willing to participate. The participants can also withdraw from the survey at any time throughout the study.

Data Analysis

To test the hypotheses, ANOVA will be used to analyze the main and interaction effects of perceived long-established images versus newly established images of new brands on purchasing channel preference. The moderating effects of Gen M and COO are tested by applying a correlation coefficient and independent-samples t-test.

V. MANAGERIAL IMPLICATIONS

The results of this study are expected to suggest firms aiming to expand their brands to new, emerging markets. Firms can identify the classification of their brands within our proposed conceptual model and examine how they stand with competing brands. Firms need to understand the consumers in the destination market, specifically their purchasing channel preferences. Therefore, the main question is how to deploy the right channels for purchasing their new brands. The proposed conceptual model will shed light on firms to perceive their position in the market. For example, many firms have never positioned themselves before developing channel strategies. It is

imperative to understand their position clearly (LEB from the positive image of COO, LEB from the negative image of COO, NEB from the positive image of COO or NEB from the negative image of COO). The results will give firms a direction to make a better decision about channel selection strategies that require heavy investments and are not easily deployed (Coelho et al., 2003). Based on our conceptual model and results from data collection, firms could select their distribution channel that optimizes their profit and gain a more competitive advantage. For example, company XYZ may decide to launch their new brand through online channels rather than traditional channels if this research shows that consumers tend to purchase LEB online rather than in-store. This happens after company XYZ has identified their brand as LEB from positive image COO.

Future research can investigate the concept of new brands (LEB and NEB) in other market contexts on consumer purchasing behaviour in multichannel or Omni-channels. Studies can add to our proposed conceptual model by exploring other relevant moderating factors that could affect the link, as well as other dependent variables that could extend the application of the model, such as the concept of channel loyalty or repeat purchase.

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