Offline and Online Brand Trust Models: Their Relevance to Social Media

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Abstract: The aim of this paper was to discuss the impact of brand trust on social media. Brand trust is a fundamental requirement to building trust in the online environment and, by extension, for social media. Underpinning brand trust is the trust-commitment relationship, which builds brand loyalty and influences consumer behavior. Social interaction is the key to building and supporting brand trust in the social media world. Website attributes such as privacy, security, and general design are all contributors to positive social interaction. The involvement by users in social media creates online affectiveness, which is an emotional connection to the social media site. This is an important contributor to end users' behavioral intentions.

Key words: online affectiveness; brand; trust; website trust characteristics; models on trust; trust in the online environment

JEL code: M370

1. Introduction

When environmental conditions are uncertain, the impact on the brand is unpredictable. This is even more important for strong brands; however, they are also used as a defense mechanism in challenging environments to reduce the competitive threat and maintain profitability. Brands embody the consumers’ identity because of the cultural nature of modern-day consumers (Da Silva & Alwi, 2008; Elliot & Wattanasuwan, 1998). To overcome uncertainty in brand activities (offline and online) including brand strategies, organizations need to approach branding strategically. Consequently, organizations need to understand the uniqueness of the brand and how it distinguishes from the competitors. When products are similar, consumers are more interested in the brand, and simply defining and telling are not sufficient; the organization must consider the environmental dimension and increasing competition (Carbonara & Caiazza, 2010; Gray, 1995). Product closeness intrigued the consumers about the organizations’ brands and is a power opportunity for the organizations to develop a compelling story (leading to a competitive advantage) now that consumers’ interest is aroused. Understanding the nature of the environment and the competitive threat are approaches to deal with challenging markets, but do online brands behave in a similar manner? Brands reflect the organizations and are culturally embedded in the values and beliefs of the organization, suggesting that brand orientation is part of the organizational management (Clatworthy, 2012; Simoes & Dibb, 2001). Are online brands embedded in the organization, or is a different approach required for them?

The literature on branding in a traditional environment is extensive (Aaker, 1996; Dobni & Zinkhan, 1990;
Lee & Hsu, 2010; Keller, 2003; Kemp & Kopp, 2011; Griff Round & Roper, 2012; Quintal & Phau, 2013), but hardly any research in the area of traditional consumers and those that use social media platforms exist (Bruhn, Schoenmueller, & Schafer, 2012). Research in relation to brands and social media focuses on brand awareness (Hutter et al., 2013), brand equity in traditional media and social media communications (Bruhn, Schoenmueller, & Schafer, 2012), social media and luxury brand management (Jin, 2012), and managing brand presence through social media (McCarthy et al., 2013). Brand trust models are applied to traditional and online environments, but there is very little research on brand trust models and social media (Morgan & Hunt, 1994; Mukherjee & Nath, 2007). Brand communities in the offline and the online environments is a growing area of research, and the offline versus the online continuum is the most important dimension (Wirtz et al., 2013). This paper contends that common factors will exist between traditional, online, and social media environments, which were suggested by Bruhn, Schoenmueller, and Schafer (2012) for traditional media and social media platforms. This paper applies established brand trust models and concepts for the offline and the online environments to social media. Morgan and Hunt (1994) developed a brand trust model for the offline environment, and Mukherjee and Nath (2007) adapted the model for the online environment. However, they did not examine the social media environment. The gap identified is the focus of this paper, which is an area of growing importance.

2. Theoretical Perspective

2.1 Online Environment and Trust

Trust is an important factor in any purchase no matter if the environment is offline or online. It is thus helpful to investigate the role and the importance of this attribute in consumer purchase (Salo & Karjaluoto, 2007). McKnight et al. (2002) suggest that trust is an important factor in the online environment because it allows consumers to deal with uncertainty. There are two bases for trust, namely, competency-based trust and intentional trust. In the online environment, competency-based trust is a significant factor to encourage consumers to participate in online purchases and depends on the ability of the website to be able to process transactions securely. When it comes to intentional trust, consumers believe that the firm is honest. How this plays out in the online environment is interesting because most transactions are anonymous (Salo & Karjaluoto, 2007).

Trust is important to firms because it reduces costs, improves efficiencies, increases flexibility, and supports long-term market planning (Chen & Dhillon, 2003; Nooteboom, 2003). Boeyen and Moses (2003) argues that trust can be categorized into third-party trust and direct trust. Direct trust originates from the relationship between two parties. However, third-party trust is developed between parties that do not know each other. This is relevant to the online environment because transactions are completed by technology and there is no personal interaction. Nooteboom (2003) argues that trust is not unlimited and parties could increase trust with one party at the expense of other parties. Salo and Karjaluoto (2007) speculate that end users may have different levels of trust depending on the communication channels being used and the conditions. Firms today have realized the benefit of e-commerce and use it in a variety of activities. The most common complaint from online consumers is that products and services are not as good as promised. Unlike the offline environment, online end users are not able to touch, feel, or try the product they are purchasing (Salo & Karjaluoto, 2007; Lee & Turban, 2001). Another reason why online purchase is risky is that the vendor is not seen or may be unknown. Customers also run the risk of the product quality being questionable, but it could be the wrong product (Pavlou, 2003). Consequently, in the online environment, it is more challenging to build intentional trust than in the offline mode. Despite many uncertainties
in computer-mediated e-commerce, end users are still willing to spend time and money on online transactions. A reason for this is that they are willing to trust the online firm’s ability to deliver the right products or services at the right quality. The literature is consistent in claiming that trust is an important factor in online businesses (Salo & Karjaluoto, 2007). Salo and Karjaluoto (2007) suggest that the most important aspect of trust for web-based businesses is between human beings and machines. There is a general agreement that trust plays an important role in the online world, helps to mitigate the uncertainty of the online environment (Koufaris & Hampton-Sosa, 2004; Lee & Turban, 2001), and helps online participation in online activities (Salo & Karjaluoto, 2007). When end users trust the parties they are dealing with, they are more likely to believe that they will receive long-term benefits and will thus cooperate with them (Morgan & Hunt, 1994).

External and internal factors affect the level of trust in the online environment. External factors range from consumer characteristics and the nature of the product or service. Internal factors include the end user’s prior experience and the web vendor’s trustworthiness and reputation (Salo & Karjaluoto, 2007). The first consideration is the external categories that affect trust in the web environment.

External factors are those factors that influence the formation of trusting beliefs, which influence the willingness to visit a website and the continuation of using the service. External factors indirectly affect the online service, and internal factors directly affect the online service (Salo & Karjaluoto, 2007). Trusting beliefs are partially formed or are partially influenced by factors beyond the online environment itself and are based on prior experience of the products or services, which is a similar model to attitude formation (Fishbein & Ajzen, 1975). Consumer characteristics include background information (demonstrations and psychographics on the product or service) and are strong determinants of consumer trust beliefs. Product and service factors that may influence online trust beliefs include size, functionality, complexity, and involvement level. Purchasing a new car requires a different decision-making process to that of purchasing a music CD. Because the decision-making processes for the products are different, then the trust beliefs will also differ (Salo & Karjaluoto, 2007). A study suggested that the brand and the company had a more significant impact on consumer trusting beliefs than consumer characteristics or website-related factors (Shao et al., 2005). In the offline environment, cultural and market characteristics are frequently associated with geographical locations. Cultural differences associated with trust include different perceptions of products and services, and marketers use marketing communications to address this (Smith et al., 2004; Bachmann, 2001). The cultural effect on trustworthiness of a company could be based on the collectivist culture, that is, group decision making and word-of-mouth communication. However, in other countries, the culture could have an individualistic approach, and the decision-making process is individualistic because stronger consideration is given to facts and figures (Hofstede, 2001). Word-of-mouth recommendations from friends, colleagues, family members, and peers are strong determinants of personal trust (Welter & Kautonen, 2005). In the online environment, a good way to improve trust is the use of feedback mechanisms (Mukherjee & Nath, 2007; Dellarocas, 2003). Chinese consumers typically avoid uncertainty because of their uncertainty avoidance (high) culture and do not make risky purchases of products or services, whereas US consumers have a low uncertainty avoidance culture and will buy on impulse (Kacen & Lee, 2002). This section has considered the external factors that affect trusting beliefs in the online environment, and now, the internal factors need discussing.

As stated previously, internal factors range from web design to past experience with the web vendor and reputational brand. Trust in e-retailers is related to the formation of trusting beliefs. Trust develops in the online environment when the system is easy to use and is useful. Training is common for online services and can be
delivered online or offline (Mukherjee & Nath, 2007). Trusted third parties can build trustworthiness so that end users are more willing to give away personal information and interact with the website (Durkan et al., 2003). Privacy protection is an important factor in the formation of trusting beliefs. Online users are more aware of privacy issues (use of their personal information in the online transaction) than of experience issues (Schoenbachler & Gordon, 2002; Hoffman et al., 1999). The building of trust in the online environment is vital and is supported by publishing a privacy policy (Cranor, 1998).

There are also gender implications to trusting beliefs in the online environment. Relatively few papers have sought to investigate this area (Kolsaker & Payne, 2002). Sheehan (1999) postulates that there are gender-related differences in web-based systems: males use online communications to do task-oriented activities, and females use it to build relationships and sustain them. Women also appear to be more concerned about personal privacy (e.g., unsolicited e-mails) and are more cautious of online shopping. Females are more concerned than males about the following: confidentiality and privacy, security of payment, online banking, and using websites that are outside of their country, without a statement on privacy.

The publication of the privacy and security policy on the website is the deciding factor if women will use the website (GVU, 1998). Results from Kolsaker and Payne’s (2002) research suggest that trust is a compelling requirement for online activities and that consumers remain concerned about elements that are trust related. The gender differences about security of payments were similar, and both genders showed concern for online security payments. Based on these findings, there are no gender differences relating to online security payments. A high level of concern was found in relation to confidentiality of information, but there were no significant differences between genders. Although e-commerce has grown in popularity, there is still a high concern for confidentiality of information that is supplied online. Despite the perceived risks, consumers are still willing to use e-commerce sites, and growth in online activities continues unabated. The return and refunds (integrity of the e-tailer) on goods purchased online is an area of concern for both sexes. There is no perceivable difference between the sexes on this issue. Once again, there is no gender difference relating to e-tailer integrity. The findings from Kolsaker and Payne (2002) do not support the assertion that women use online activities to build relationships and sustain them, while men use online systems for task-oriented communication (Sheehan, 1999). However, they do suggest that there is a high level of concern for security and privacy, e-tailer integrity, and payment security with both genders, and there are no gender differences with respect to these factors.

2.2 Trust Models in Online and Offline Environments

Morgan and Hunt (1994) state that commitment is an important factor in transactional relationships and is a complement to trust. Moorman et al. (1992) defined commitment relationship as a desire to maintain a valued relationship over time. Trust is directly related to commitment relationship, and as trust increases, the commitment relationship will also increase (Mukherjee & Nath, 2007).

Mukherjee and Nath (2007) suggest that the five principal antecedents of trust are as follows:

- Shared values
- Communication
- Opportunistic behavior
- Privacy
- Security

These antecedents hold true for the offline environment, but are they all applicable to the online environment, or is there a partial fit? An understanding of these antecedents is required before progressing further.
Security and privacy are very important factors for transactions in the online environment compared with traditional channels (Hoffman et al., 1999). Privacy is the most significant factor for consumer trust (Mukherjee & Nath, 2007). Hoffman et al. (1999), from their research, state that the importance of online security cannot be overstated and includes financial and nonfinancial issues. In addition, Mukherjee and Nath (2007) make clear that online consumers expect the privacy policy to be clearly visible and that information in the policy must include the prohibition of the selling of personal information or divulging it without their consent. Online consumers expect to be able to opt out from selling of personal information or from unsolicited information requests, for example, e-mails.

Making a purchase online requires the system to be secure, which is a key mediator in making a purchase online, and considers authentication as a measure of trustworthiness (Bart et al., 2005). Security has been proven to be the second most important factor in the online consumers’ use of an online retailer and is a significant determinant of online trust.

Consumers are very concerned with the manipulation of technology that enables the spillage of credit card information and websites that have been subjected to hacking attacks. The latest security features will increase trust in the website (Mukherjee & Nath, 2007).

Morgan and Hunt’s (1994) framework for the antecedents of trust and commitment did not include security. In the offline environment, trust is based on the consumer-seller relationship and evolves over time. A positive relationship is reinforced by the seller’s honesty, reliability, and integrity. The online environment is different from the offline because the online environment is constructed on technology and not on physical interaction between the buyer and the seller (Mukherjee & Nath, 2007). Commitment to and trust in a website is dependent on the perception of the website and how it meets expectations on integrity and dependability and how well it delivers on promises (Bart et al., 2005). There is a positive relationship between trust and security.

Shared values are beliefs that people have in common with behaviors, policies, and goals that they consider important or unimportant, appropriate or inappropriate, or right or wrong (Morgan & Hunt, 1994). Ethics underpins the antecedent of shared values. Morgan and Hunt (1994) link ethical behavior with shared values, and unethical behavior undermines shared values. Mukherjee and Nath (2007) suggest that in the online environment, there is a higher reliance on the perception of shared values, and this perception will lead to greater trust.

Shared values are a significant determinant of trust. They build bonds, create a sense of belonging or association, and build long-term relationships. This is true for the offline and the online environments. E-tailer websites that require personal information details, especially financial details, must have a robust privacy policy, which is crucial for online shopping. In summary, there is a positive relationship between privacy and trust. Shared values lead to increased commitment from online customers. Online consumers are looking for a sense of association with the online retailer. Closeness to the online retailer is supported by shared values, which can lead to trust. Shared values are constructed based on an ethical context (Morgan & Hunt, 1994), and retailers will need to encourage a culture rooted in ethics to give traction to positive shared values in the buyer-seller relationship.

Information that is shared formally or informally in a timely and meaningful manner is one definition of communication (Anderson & Narus, 1990). According to Etgar (1979), communication engenders trust and is thus able to resolve disputes and ambiguities. It is also said to provide accurate information on processing of orders and aligning expectations and perceptions. Several researchers have used communication as an antecedent of trust (Mukherjee & Nath, 2007; Morgan & Hunt, 1994). Communication can be considered to have multicomponents. These are openness, quality of information, and quality of response (Mukherjee & Nath, 2007, 2003). Information
distortion or asymmetry is an important factor in customer trust when using the Internet. Furthermore, online consumers cannot gauge the tangible and intangible features that are indicators of quality because they cannot touch or feel the products. Thus, they are not able to assess the quality of the product before purchase, and under this condition, customers will lack trust (Lee & Turban, 2001; Ba, 2001).

Distortion of information and self-interest are the concepts defining opportunistic behaviour (Williamson, 1975; Mukherjee & Nath, 2003). When customers shop online, they assess the likelihood of opportunistic behaviour by the e-vendor because there is a greater risk for this to occur, giving rise to a reduced level of trust (Lee & Turban, 2001; Clay & Strauss, 2000).

Under conditions of risk and uncertainty, the integrity of the online retailer is very important in securing trust in the online environment (Mukherjee & Nath, 2007). They go on to suggest in the online environment when shoppers believe that opportunistic behaviour is possible, and because of the perception of the e-tailer, there is a reduction in customer trust. Furthermore, their advice is that the retailer must ensure the dissemination of authentic information. What retailers promise and what they deliver impact the level of customer trust, and retailers need to deliver on their promises, use disclaimers that are appropriate, and deal with customers fairly to build a perception that opportunistic behaviour is decreasing. Opportunistic behaviour leads to a decrease in customer trust in the online environment and offline purchases.

Openness is an important aspect of good business sense that builds trust (Huemer, 1998). Mukherjee and Nath (2007) postulate that communication and openness mediate trust and are specific to the individuals in the relationship. Gefen and Straub (2001) found from their research that man-machine communication interfaces have characteristics of social presence, and these are vitally important in building online trust. They suggest that social presence have attributes such as openness, authenticity of information, speed of response (and frequency of response), relevance of information, quality of information (authenticity, relevance, and completeness), and ability to provide feedback to the online retailer. There is a positive relationship between trust and communication (Mukherjee & Nath, 2007; Morgan & Hunt, 1994). This relationship holds true for the online and the offline environments. Communication plays a critical role in online activities and building trust. Customers expect a high quality of response, openness in communications, feedback, and speed of response from the e-tailer. Above all, responding and dealing with customer complaints effectively and providing real-time information to order fulfillment are critical to online communications (Mukherjee & Nath, 2007). The authors make the additional points that online communication is a two-way process, and a personalized and customized dialogue that is helpful, positive, easy, pleasant, useful, and timely can go a long way to build customer trust.

Morgan and Hunt’s (1994) findings with regard to relationship commitment varied in comparison with Mukherjee and Nath’s (2007) research on relationship commitment. Relationship benefits and commitment were not positive in Morgan and Hunt’s (1994) framework. However, Mukherjee and Nath (2007) found that there is a positive relationship especially with benefits that include personalization of the service and loyalty rewards. They found a positive relationship between relationship commitment and benefits. Continuing with the comparison between Morgan and Hunt’s (1994) and Mukherjee and Nath’s (2007) models, Morgan and Hunt (1994) found a positive relationship between relationship termination costs and relationship commitment, but Mukherjee and Nath (2007) did not. The other relationships are not in the Morgan and Hunt (1994) model but are in the Mukherjee and Nath (2007) model. They found a positive relationship between trust and behavioral intentions and also a positive relationship between commitment and behavioral intentions.

Normally, termination costs lead to the continuation of the relationship and increase commitment (Mukherjee
& Nath, 2007). There is the possibility that termination costs are lower in the online environment for less competitive websites, and another website is just a mouse click away (Danaher et al., 2003). There is a significant relationship between trust and commitment in the online environment between behavioral intentions. Trust and commitment have a positive effect on behavioral intentions. Online shoppers using a website where they have had positive experiences would be expected to make positive recommendations to others. There is a positive relationship between trust, commitment, and word-of-mouth. Trusting customers will consider buying from a website, and thus an intention to purchase is positive. A high level of trust and commitment will enhance customer interaction with the website (Mukherjee & Nath, 2007).

2.3 Implications for Management

Social media can learn many lessons from online and offline services. The analysis has suggested that consumer’s associate brands with trustworthiness and brands are a mechanism to differentiate products and services (Park et al., 1986). This is true for both the online and the offline environments and applies to social media just as much. Building a brand takes a lifetime and is always a work in progress. Social media organizations need to establish their brands quickly and effectively, and this requires not only the needs and wants of their users, but they should ensure that they deliver those and use tangible and intangible properties to support and facilitate their brand. Consumers are concerned with privacy and security, and this is an important way in which social media organizations can differentiate themselves (Mukherjee & Nath, 2007; Kolsaker & Payne, 2002). Government pressure has made social media organizations more aware of the issue of security and privacy, but this should have been an obvious area of differentiation and how the robustness of security and privacy will assist in the building of their brand and also creating trusting beliefs in the brands. The literature also suggests that brands need to develop a brand personality and thus a brand image (Aaker, 1996; Dobni & Zinkhan, 1990), which effectively is what the brand stands for. However, consumers play a significant role in the development of brands and play a dominant role in consumer decision making (Kaplan et al., 2008), and thus, social media brands need to evolve not just basing on the organizations’ wishes but by including a coherent dialogue with their users. The inclusion of users’ opinions and wishes will strengthen the brand considerably and improve credibility (Keller, 2003). These are all factors that drive the ability of brands to differentiate from competitor brands. Social media is a young market, and building brand awareness and brand image are extremely valuable attributes to aid users buy in and help them to negotiate uncertain environments (newness and usefulness of the service) (Aaker, 1991). Unless social media organizations can leverage their brand effectively, that is, to gain a competitive advantage by the brand’s expertise and trustworthiness (Erdem & Swait, 2004), can they ever be profitable or are they going to be a loss leader for more compelling services? The branding process works best when the emotional experience dominates. It leads to the continual use of the product or service and to brand commitment, and it aids the sustainability of the brand (Fullerton, 2003; Moorman et al., 1992).

Trust is an important characteristic required for the online environment, and it helps consumers deal with uncertainty (Salo & Karjaluoto, 2007; McKnight et al., 2002). Trust reduces cost, improves efficiency and flexibility, and is a significant benefit to social media firms (Chen & Dhillon, 2003; Nooteboom, 2003). Trust has behavioural implications, and the reputation of the social media firm is an important driver of trust. Users are willing to go online despite the problems (privacy and security), and this is because they assume that the firm will deliver the “right” product, that is, it will meet the specifications stated. It is more challenging to build intentional trust in the online environment than in the offline environment (Salo & Karjaluoto, 2007). A clear declaration on the privacy and security policy as well as the ability to leave feedback is a clear and transparent approach to
building trust (Mukherjee & Nath, 2007; Mukherjee & Nath, 2003; Hoffman et al., 1999; Williamson, 1975). Social media organizations need to clearly demonstrate to their end users that they have a trusting culture (shared values) and implement features and functions that are clearly supportive of these shared values. Emotional connection to shared values will only come once the physical aspects are embedded in the website. Ultimately, social media firms need to get the end users emotionally hooked so that they become repeat purchasers. Before this can be achieved, the online physical environment must be right, that is, it must meet the expectations of the end users. Social media organizations need to recognize the role of internal and external factors in building trust and consider that gender differences may exist.

Research by Kolsaker and Payne (2002) have not shown any significant gender differences, such as that males use the online environment for task-oriented activities and females for building relationships, but that does not mean that gender differences do not exist. The personalization of the online environment for end users is a strong way to build trust and support the emotional bonding that induces repeat behaviour (Mukherjee & Nath, 2007).

Understanding the different requirements for male and female end users is a contributing factor in personalization. Social identity occurs when end users can associate with the characteristics of the social media firm and similarly share value concepts. Affective involvement is strengthened by personalization, such as messages or product announcements (Huang, 2012). Trust appears to be a fundamental requirement to mediate in the online environment that has a degree of uncertainty. The literature suggests that reputation in the offline and the online environments is heavily dependent on brands. End users find it more difficult to gauge reputation in the online world, which is not unexpected. It is easier to build online trust if the brand has an offline presence, but this is not normally the case for social media (Doyle, 2002; Horpu et al., 2008). Operating in the virtual world presents its own unique challenges, but reputation is a key factor in building trust. Social media firms need to enhance their reputation using affective involvement and thus develop an emotional relationship with their end users.

Essentially, the environment must act as a stimuli if end users are going to make online decisions, such as purchase or a proclivity to purchase (Animesh et al., 2011; Arnett et al., 2003). It is necessary that the online environment evokes emotion if consumer decision making is to take place. End users must be able to form a relationship that is emotion centric. The analysis has establish that social media, like any online service, need to build trust. However, before trust can develop, relationship commitment is a fundamental component of trust. How can social media firms build commitment that ultimately leads to trust?

Relationship commitment leads to characteristics such as loyalty, and loyalty is derived from attitudinal formation. There is a positive outcome for relationship commitment and benefits and intentional behaviour online (Mukherjee & Nath, 2007). An understanding of the benefits that social media end users need and want is an approach to enhance social interaction and also to build trust. Personalization is a key approach that appears in the literature (Mukherjee & Nath, 2007) that end users would consider as a significant benefit. Personalization ranges from update material to feedback opportunities and openness in communication. These are base requirements for social media organizations to operate successfully.

3. Conclusion

Social media operate in the online environment and need to acknowledge the challenges that this offers. The online environment presents many unique challenges for end users and is judged to be uncertain and difficult to
navigate. Social media need to reduce the uncertainty and ease the navigational issues. This paper gives e-tailers advice on how they can operate in the web world successfully and develop a brand that differentiates them from competitors, that is sustainable, and that requires online affectiveness.

References:


