

Effect of Manufacturer Reputation, Retailer Reputation and Seller Reputation in China's Online Shopping Market

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ABSTRACT: *This study examines the effectiveness of manufacturer brand reputation, online retailer reputation, and online seller's reputation in reducing Chinese consumers' perceived risk regarding online shopping and further increasing their purchase intention in online shopping. The experiment is a 2 (manufacturer reputation: well-known and unknown) × 2 (retailer reputation: strong and weak) × 2 (information on the seller's reputation: present and absent) factorial design, and 281 college students participated in this study. The results of the univariate analysis of variance show the availability of information on the online seller's reputation has a significant effect on perceived risk and manufacturer brand reputation and online retailer reputation have no effect on consumers' perception of risk. The linear regression results reveal perceived risk has a negative impact on Chinese consumers' purchase intentions on the Internet.*

KEYWORDS: *Internet, Shopping, China, Risk, Manufacturer Reputation, Retailer Reputation, Online Seller Reputation, Purchase Intention*

1. Introduction

In recent years, Internet retailing has generated an increased level of attention among marketing academicians and practitioners (Lwin & Williams, 2006). Despite the rapid growth and the apparent overall attractiveness of the industry, the uncertainties associated with online shopping contribute to the ebb of Internet retailing and its growth potential. Lack of trust is frequently the key reason why people don't make purchase online (Lee & Turban, 2001). Studies have shown that perceived risk is a critical determinant of purchase intention in an online non-store retailing context (Lwin & Williams, 2006). Shopping on the Internet has been associated with carrying multiple risks. The risk consumers perceive in electronic commerce (e-commerce) is greater than that of commerce at brick-and-mortar retail stores because of e-commerce's distribution and impersonal nature (Zhou, Dai & Zhang, 2007). Perceived risk negatively influences consumers' intention to shop online (Bhatnagar, Misra & Rao, 2000; Park, Lee & Ahn, 2004). The key point of minimizing these risks is to find a suitable way to establish trust between Ecommerce trading partners. In an environment where one has to deal with unknown parties, reputation is used to establish this trust among interacting parties (Alnemr et al., 2010).