



Assessment of Impressions effective on Preserving and Strengthening the Brand Customs in E-Commerce (Case Study, LCDs with LG Brand)

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ABSTRACT

The goal of this research is study of effective factors for preserving the brand customers in e-commerce. In this research we study the factors interfering in preserving and expanding the LG brand customers in the internet environment in order to identify such cases and use the same for raise of revenue earning. The purchasers of LG LCDS were considered among the customers of LG Brand. The statistical society in this research is all customers of LG LEDS in Iran and the sample volume based on society formula is unlimited 385 persons. The questionnaire used in this research includes 67 questions and two parts that in the first part the demography features are designed and in the second part the questions related to research variables are designed out of which 8 questions are related to customers confidence , 15 questions about brand validity, 22 questions about services quality , 12 questions about internet knowledge and 10 questions about customers preserving and expanding.

400 questionnaires were distributed among the LCD customers of LG brand and 366 questionnaire were received sound and safe and its validity and reliability were achieved. The validity coef. for the entire questionnaire based on Cronbach's Alfa is calculated 0.79% and for reliability of questionnaires and structure of questionnaire and discovery of factors causing any structure the confirmation operation analysis were used. For data analysis the descriptive statistical methods are used like drawing the diagrams and calculation of indices and also for performing the statistic tests the Pierson Correlation coef. and variance means are used and the LISREL software has been used. The due results in a significant and meaningful level 1% showed that there is meaningful positive relationship between all variables of branch validity, quality services, internet knowledge and preserving the internet customers and there is no meaningful relations i.e. 5% in variable of customer's confidence. As such the hypothesis 1, 3 and 4 are confirmed the second hypothesis is rejected.

1- Preamble:

Entry to third millennium has created new challenges for the countries. Information and communication technology has changed the human being's life which has attracted all glances of the world. Commerce as an activity for exchange of goods and services in a big scale have been developed so that a huge volume of businesses are not face to face anymore and the transactions are more conducted through telephone, post and by using the credit cards (Gholizadeh 2007).

All these factors caused creation of a kind of commerce named as electronic commerce having much helpful specifications of the human beings. By precise study of human innovations in previous years and decades, it can be concluded the benefits of e-commerce and its effects on the global economy is unique . Nowadays by using electronic world and internet possibilities, internet brand can be considered a serious competitor for the traditional brand system. In the today world and competition age, the market is going towards attraction of full satisfaction of customer and presentation of goods and the

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marketing and propagation which are possible by brands and in fact is introduced, is considered as one of the significant organs for success of the organizations in acquiring the world market portion.

In the internet atmosphere and global businesses, much internet brands have been formed and developed and many organizations have transferred their business from traditional state to modern form and also to the internet world. After creation of each brand, the most important issue is increasing and/or preserving the brand and increasing and preserving the customers that the organization by proving the same brand in minds of customers, supervision on quality of products and rendered services must try for preserving its popularity and reputation of the brand and it will have more fruitful results by using of policy making in internet brand and electronic procedure and shall have better results for the organization (Nobandegani 2009).

Literature

The history of e-commerce has connected with two phenomena of internet and electronic



exchange. Using the electronic technologies in performing the business affairs has long backgrounds. In fact need of e-commerce has been originated from demands of private and public sectors for using information technology for purpose of obtaining the customer's satisfaction and effective coordination inner organization (Zandieh 2006, page 40).

It can be told that such kind of business was started from 1965 when the consumers could receive their money from ATM and purchase with credit cards. Definition of industry consortium of e-commerce: e-commerce means using the computers of one or more networks for creation and transfer of business information related more with purchase and sales of information, goods and services through internet. The duty of e-commerce is not only relationship but also foundation and enforcement of commercial relationships. The European Committee has defined e-commerce in 1997 as follows: e-commerce is based on electronic processing and transfer of data including text, voice and picture. Based on briefing report of Business Studies and Researches in 1996 the volume of electronic exchanges in USA was 700 Billion Dollars and 330 Billion Dollars in other countries of the world. E-Commerce has opened a new arena in competition due to speed, efficiency and reduction of costs and using the opportunities. (Aali 2000, page 40).

Britannia electronic center executes and defines the E-commerce as any kind of business of periodical transaction or exchange of information by using any kind of information and communications technology. The made study by Walker and Johnson (2006) shows that acceptance or non –acceptance of technology services by the consumers is due to numerous factors and we deal with every item.

1- Intention for trying the new technologies: nowadays most consumers of internet services are exposed to different technological products including electronic payment, digital products,...Judgment of consumers about new products, are made based on their previous attitudes and experiences. For this subject in one study, the effect of previous experiences of one probable customer has been measured for using the technological services. The due results show that the said parameters have positive and meaningful effect on acceptance of internet services by the consumer. i.e. the customers with more experiences in using the internet services, have had high

intention in using such services (Vazifehdoust and Mostafavi 2006, page 165-166).

2- Interest for direct interaction with the employees/ support by employees: the researchers like Longrad, Batspon, Lovelock and Eiglier (1981), Cowlen, Crosby (1990) mentioned that establishment of human interaction is important for some of consumers in rendering services , if the consumers needs human interactions, they will avoid internet services. But if they need the human interaction a little, they will seek for internet services. Much researchers have found that there is direct relationship between establishment of individual interactions and their avoidance from technology. For example Forman, Siram in 1991 and Prendergast and Mar (1994) concluded that the consumers who have more intention for relationships with humans, will avoid internet services.

As a result for changing these consumers and forming their positive attention for technological services, such services must be very simple, more reliable and enjoyable in comparison with what is presented to the consumer with low relationship needs. Some persons believes strongly that using internet for receiving services shall led to their deprivation from the human feelings.

On the other hands some individuals enjoy of working with computer and this would decrease their need for interaction with the employees (Walker 2006)

3- **Personal Abilities:** Daniel (1999) in his studies in relation with the electronic services, introduced the easy use as one of the significant factor in accepting the technological services by the customers. The customers who have lower ability for using the technological services and as a result the easy use is so important for them. (Vazifehdoust and Mostafavi 2006, page 167)

4- **Interests and Benefits due to receiving the internet services in comparison with traditional services:** the internet services are flexible in comparison with traditional services and generally enjoy more access and longer hours of using. Due to such specifications, mostly rendering urgent services to the consumer would be possible in necessary cases. Receiving services at time of urgent needs shall cause more desirability of internet services for some users (Walker and Johnson, 2006, Page 22)

5- **Risk :** The consumer's risk shall mean their concern as to safety, reliability of services rendering system, its problems and other

personal, psychiatric and/or financial risks in relation with using the internet services. One of the effective factors in worry of the consumers for using internet services is social risk (Vazifehdoust and Mostafavi 2006, Page 168) .

O, Connel (1996) introduces the safety concerns as significant causes of slow growth of e-commerce in Australia. Wallis mentions that in case of safety promotion, many families will conduct their financial transactions through internet. The consumers would attribute different levels and different kinds of risk to any traditional and modern methods of purchasing. The made studies to this effect show that the level of social, functional, physical, financial and psychological risk based on different styles of purchasing. It is possible that the consumers consider such services more risky than the traditional ones due to risk related to various kinds of internet services. (Vazifedoust, 2006, Page 169).

In view point of the masters, information technology mutation has two 20-year periods and now has entered the third period.

1955-1974- age of electronic data processing age
1975-1994- Management Information system age
1995- 2014: internet age

On the other hand for decades, the value of company was calculated based on properties, then tangible assets, factory and equipment. But nowadays the main capital of many businesses is their trade name. Recently it has been concluded that the actual value of a company, is somewhere outside it i.e. in minds of potential customers (Gharabi 2008) the illustration and mentality of trade name composes the base of purchase decision and credit of commercial name so that many masters consider one of the effective causes for increasing the numbers of customers strike of one positive picture and suitable intake of company (Aaker 1992) is the picture of simple phenomena of perception influenced by the company activities. Prof. Copon Keller the prominent scientist and theoretician in brand management knows the picture of brand the perception of consumers about brand reflected in the memory by brand inspiration (Cuter and Armstrong 2004), in other word the trade brands includes one name, phrase, terminology, symbol, sign, design or composition of the same aiming introduction of a goods and services making

distinct it from the competitors company's products. (Keller 2006) and/or total beliefs of individuals about one product (Cutler and Armstrong 2004). A brand is an abstract of identity, feelings, features and difference. One trade name motives such information which are concentrated in one work or sign (Kapfere, 2001), there are different theories in field of brand and its influence in commerce and success of organizations. Aaker (1992) in a book under title of making the successful brands believes that joining and interest of customer as to special dimensions of brand like honesty and realism in brand , establishment of a positive relationship with the customer, fresh feeling to the customer, giving desirable personality to her/him,..... can be effective in selection of that brand. Certainly these effective factors are not related only to visual factors and the external ones like reference groups have role in such relationship. As such the Bearen & Etlz (1982) specify that the reference groups and recommendation of the others can be effective in selection of a brand. Based on researches of Wee (2003) factors like understood benefits, brand complexity, relation with need, risk of a brand and the other factors all affect on selection of a brand. With consideration to the conducted studies and generalization of such conclusions among different cultures is a limitation, therefore the present study intends to specify that factors are important in attracting and preserving the brands customers in e-commerce.

2- Theoretical Frame:

The theoretical frame is a base for the entire research (Farhangi and Safarzadeh 2006). In present research, for creation of appropriate frame while describing the effective factors on preserving and expanding the internet customers it has been relied on its variables. In such research the Jurisic Model 2010 has been used, therefore based on the presented model, the effective factors on variable of preserving and expanding the internet customers are including services quality, customer reliability, brand validity and internet knowledge, Therefore this research is seeking for effective factors on preserving and expanding the customers in internet space (e-commerce) .

Brigita Juristic 2010 Model

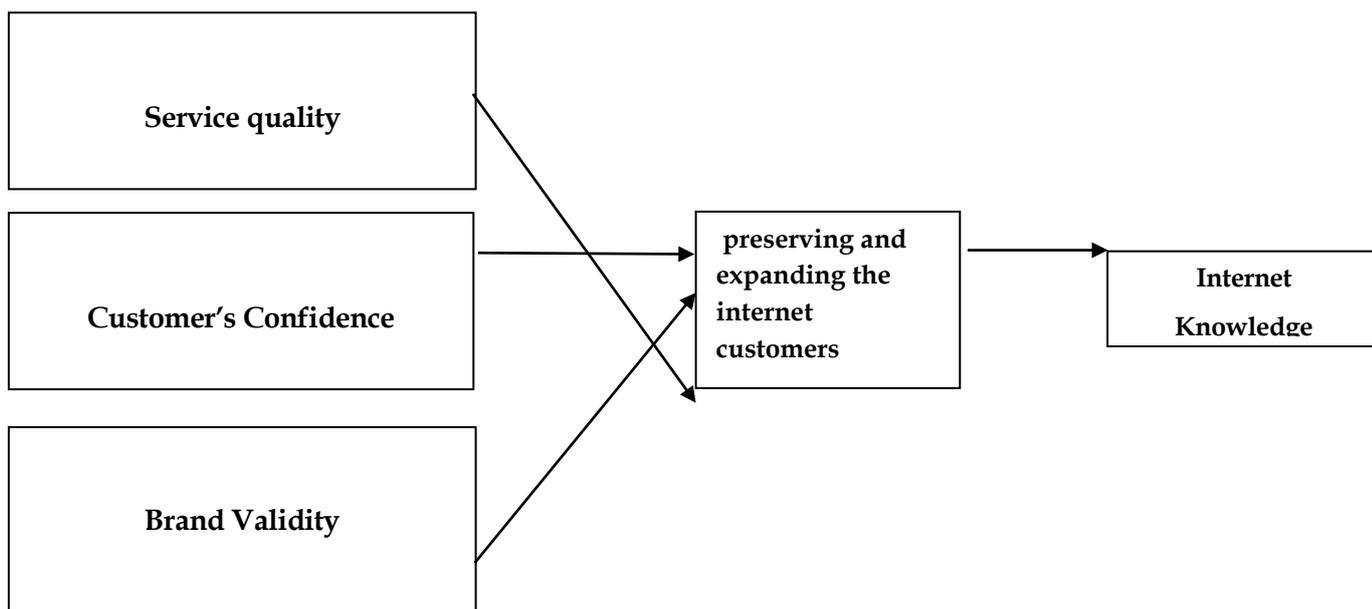


Diagram 1- Conceptual model of Research: Effective factors on preserving and Expanding the customers in e-commerce

3- Research Hypothesis:

In recent research based on the existing theories and models, some hypothesis are designed and in next stages they were analyzed scientifically in order to specify its true and authenticity. So the 1.

proposed hypotheses are rejected or accepted and their authenticity have been determined by the performed tests. Delavar (2001, 2006), the hypothesis of such research taken from Juristic Model 2010 have been mentioned in shape

Shape 1- Research Hypothesis

H1: services of LG brand in e-commerce are effective in preserving and stronger relationship of customers
H2: Confidence of LG brand in e-commerce is effective in preserving and stronger relationship of customers
H3: LG Brand Reliability in e-commerce are effective in preserving and stronger relationship of customers
H4: internet knowledge of customers are in relation with preserving and stronger relationship with e-commerce.

4- Research Methodology

The present research by using the attitude data intends to conduct a field study in field of effective factors on preserving and expanding the customers in virtual space. Therefore this project intends to reply on the basic question i.e what factors are effective in expansion of one brand customers in e-commerce emphasizing on applicable direction and methodology of research. This research is applicable as far as goal may concern and is descriptive as to gathering the information and is of correlation. In analytical model of research, internet knowledge,

customer's confidence, brand validity and quality of services are independent variable and preserving and expanding the brand customers are dependent variable. The main tool for information gathering is questionnaire out of which 8 questions are related to customers confidence, 15 questions about brand validity, 22 questions about services quality and 12 questions about internet knowledge and 10 questions about preserving and expanding the customers. The participants in this research are LCD customer of LG brand which are selected according to the sampling formula from unlimited society and by



simple random sampling and the volume of sample is 385 persons.

$$n = \frac{z^2 \cdot 1 - \frac{a}{2} PQ}{e^2} = \frac{3.8416 \times 0.25}{(0.05)^2} = 385$$

The description of demography of persons participating in this research had been mentioned in shape which are waived for avoiding prolongation.

Shape 2- Demographic Specifications of Individuals:

Item	Title	abundance	percentage	
1	sex	female	162	43
		male	215	55
2	age	20-34 years old	271	72
		35-49 years old	60	16
		50 years old and more	40	12
3	Education	high school diploma	23	6
		bachelor’s degree	192	51
		Master’s degree and higher	162	43
4	Average monthly costs	below 500,000 Tumans	177	47
		500,000- 1,000,000 Tumans	125	33
		1-2 Million Tumans	60	16
		over 2 Million Tumans	15	4

5- Research Findings

For estimation of reliability the re-testing (Cronbach’s Alfa) in a 35-item sample for all variables of the research are used. The

coefficient of Cronbach’s Alfa has been estimated for different parts of the questionnaire pointed out descriptively in shape 3

Shape 3- Estimation of reliability of the pre-testing questionnaire based on re-testing method (Cronbach’s Alfa)

Hidden Variables	Cronbach’s Alfa
customer’s confidence	0.767
brand validity	0.818
quality of services	0.741
internet knowledge	0.733
preserving and expanding the customers	0.792

Based on re-testing method, the Cronbach’s Alfa coef. of entire questionnaire was estimated equal to 0.79 and high amount over 0.7 is at acceptable level showing the confidence capability of the used tools for data gathering.

The statistical hypothesis are as follows;
 H. The data are normal (the data came from normal society)
 H1: The date are not normal (the date did not come from normal society)

Shape 4- The results of Kolmogorov Smirnov for the Research Variables:

Research variables	Z Statistics	meaningful level	hypothesis result
Customer’s confidence	1.242	0.092	normal
Brand validity	0.858	0.453	normal
Quality of services	1.196	0.114	normal
Internet knowledge	0.672	0.757	normal
Preserving and expanding the customers	0.718	0.680	normal



In accordance with the shape 4, if the meaningful level of (Sig) is higher than error quantity 0.05 , we conclude zero hypothesis and if the meaningful level is smaller than the error 0.05, we conclude the hypothesis one. Since the

significant and meaningful quality in all variables is higher than error 0.05, we conclude the hypothesis zero, i.e. the research variables are all normal and using the parameters testing shall be of no restriction.

Shape 5- The determined reliability coef. average and variance , determination coef. and Cronbach's Alfa

Hidden Variables	average determined variance AVE	composition stability	determination coef.	Cronbach's Alfa
preserving and expanding customers	0.581	0.858	0.693	0.818
internet knowledge	0.599	0.826		0.771
brand validity	0.643	0.922		0.909
services quality	0.571	0.888		0.885
customer's confidence	0.587	0.831		0.768

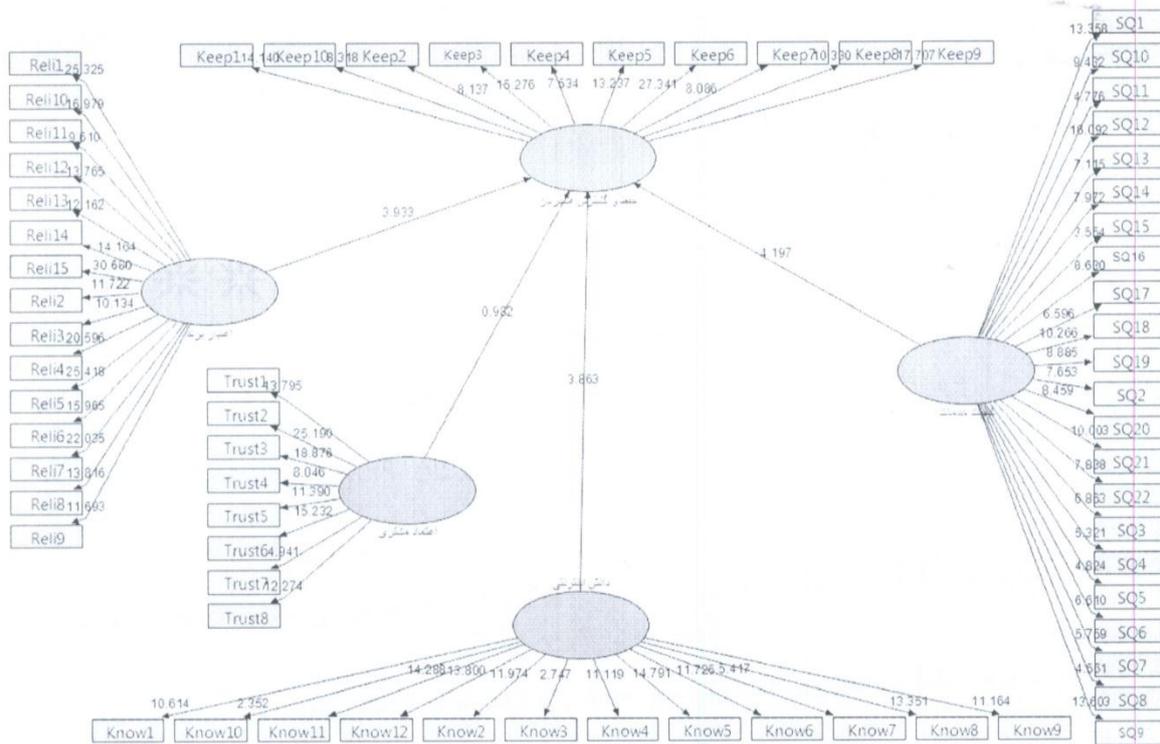
The shape 5 shows the indices for determining the reliability and stability. The average of extracted variance for the reliability, Composite reliability (CR) and Cronbach's Alfa is for stability. For calculation of convergent validity, Fornell and Larcker have proposed use of Standard 16 AVE . In AVE at least equal to 0.5, indices have appropriate convergent validity so that a hidden variable is able to explain more than half of the variance of indices (clear variables) on average. With consideration to the fact that in this research the AVE indices is over 0.5 for all the research variables, therefore the convergent validity of the model structures is confirmed. Composite reliability (CR) and Cronbach's Alfa measure the validity and reliability of measurement tools. All these coefficients are over 0.7 and indicate the high reliability and validity of measurement tools. The coefficient for determining (R²) considers that how many percent of one dependent variable is fixed and elaborates by the dependent variable(s). Therefore it is natural that such quantity for the independent variable is equal to Zero and for the dependent variable is over Zero. Whatever such quantity is more, therefore the coefficient of independent variables on

dependent one would be more too. Therefore the coef. of effect of independent variables on dependent is more. The coefficient of determining the preserving and expanding the customs achieved equal to 0.693 and it shows that the external variables (customer's confident, brand validity, quality of services and internet knowledge all succeeded to elaborate 69.3% of variable variance of customers preserving and expanding. The remaining 30.7% is related to prediction error and it can include other effects influencing the customers preserving and expanding.

6- Hypothesis Testing

The Diagram 2 shows the research model in coef. meaningful absolute value (|t-value|). This model in fact tests all the measurement equations (factor loads) and structural equations (route coef.) by using t statistics. According to this model the route coef. and factor load is meaningful at confidence level of 95%. If the t statistics is more than 1.96 and if t statistics is less than such quantity , as a result the factor load or route coef. is not meaningful and significant. The route coef. and factor load is significant in confidence level of 99% if t statistics is more than 2.58.

Diagram 2- Research General Model in significant and meaningful state of (|t-value|).



The due results of relationships between variables hidden in the model of structural equations are of direct effect and also the statistics t is as follows. The direct effect is in

fact one of the components making the structural equation models which show the directional relationship between two variables.

Shape 7- Direct Effects, t Statistics and result of Research hypothesis

Research Hypothesis	route coef. (β)	statistics t	significant level	result of researcher's hypothesis
brand validity → customers preserving and expanding	0.377	3.933**	<0.01	confirmed
Services Quality → customers preserving and expanding	0.204	4.197**	<0.01	confirmed
customer confidence → customers preserving and expanding	0.076	0.982**	>0.05	rejected
internet knowledge → customers preserving and expanding	0.280	3.863**	<0.01	confirmed

Research Hypothesis

1- The services quality of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

H0: The services quality of LG brand in e-commerce has not meaningful and significant effect on preserving and stronger relationship with the customers.

H1: The services quality of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

According to the made results of route coefficient and t statistics which has been specified in shape 7 as well as diagrams of standards coef. and significant coefficient, the variable of LG brand quality services in confidence level of 99% has significant effect on preserving and stronger relationship with the customers. Statistics t out of negative range 2.58 to positive range of 2.58). With consideration to positive coef. (β) it can be said that type of effect is positive and direct. Therefore in confidence level of 99% it can be expected that by increasing quality of LG services quality in e-



commerce, preserving and stronger relationship with the customers would be increased too and by lowering the quality of LG services, preserving and stronger relationship with the customers would be decreased too and as a result the research hypothesis is confirmed at confidence level of 99%.

2- The confidence of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

H0: The confidence of LG brand in e-commerce has not meaningful and significant effect on preserving and stronger relationship with the customers.

H1: The confidence of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

According to the made results of route coefficient and t statistics which has been specified in shape 7 as well as diagrams of standards coef. and significant coefficient , the variable of LG brand confidence in confidence level of 95% has not significant effect on preserving and stronger relationship with the customers. (Statistics t inside negative range 1.96 to positive range of 2.58). As a result the research hypothesis is rejected in confidence level of 95%.

3- The validity of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

H0: The validity of LG brand in e-commerce has not meaningful and significant effect on preserving and stronger relationship with the customers.

H1: The validity of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

According to the made results of route coefficient and t statistics which has been specified in shape 7 as well as diagrams of standards coef. and significant coefficient , the variable of LG brand validity in confidence level of 99% has significant effect on preserving and stronger relationship with the customers. Statistics t out of negative range 2.58 to positive range of 2.58). With consideration to positive coef. (β) it can be said that type of effect is positive and direct. Therefore in confidence level of 99% it can be expected that by increasing validity of LG services quality in e-commerce, preserving and stronger relationship with the customers would be increased too and by

lowering the validity of LG services, preserving and stronger relationship with the customers would be decreased too and as a result the research hypothesis is confirmed at confidence level of 99%.

4- The customer's internet knowledge of LG brand in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

H0: The customers internet knowledge of LG brand in e-commerce has not meaningful and significant effect on preserving and stronger relationship with the customers.

H1: The customers internet knowledge in e-commerce has meaningful and significant effect on preserving and stronger relationship with the customers.

According to the made results of route coefficient and t statistics which has been specified in shape 7 as well as diagrams of standards coef. and significant coefficient , the variable of customers internet knowledge of LG brand in confidence level of 99% has significant effect on preserving and stronger relationship with the customers. Statistics t out of negative range 2.58 to positive range of 2.58). With consideration to positive coef. (β) it can be said that type of effect is positive and direct. Therefore in confidence level of 99% it can be expected that by increasing customers internet knowledge of LG services quality in e-commerce, preserving and stronger relationship with the customers would be increased too and by lowering the customers internet knowledge of LG services, preserving and stronger relationship with the customers would be decreased too and as a result the research hypothesis is confirmed at confidence level of 99%.

7- Conclusion

The goal of this research is study of effective factors in preserving and expanding the e-commerce customs of LG brand. The findings showed that the quality of LG brand services quality, the validity of LG brand and confidence of LG brand in e-commerce, has not effect on preserving the customers. Also the results of this research is supporting the research of Mark S. Klein and Roderick (1998), Nasco and colleagues on 2008 , Andran and colleagues (2010). As such with consideration to the research results it can be concluded that for improvement of quality of e-commerce services for the customers, presenting the high quality products and services at suitable price for internet sales and rendering the after-sales

services with higher quality than the competitors can be pointed out. Also keeping promises in extend of customers' expectations for attracting the satisfaction and customers confidence can be effective because the trade brand and name effect specifically on customers' satisfaction. To this effect expansion of proper and effective culture for applying e-commerce through preparation and cultural grounds and expansion of internet use would be of high significant and applicable. Generally speaking by recognizing the brand name through propagation and preserving the quality of products for increasing the customer's loyalty , i.e in fact effort for increasing the brand validity in view point of customer, can be effective in preserving and increasing the customers.

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