

CHAPTER 2

THEORETICAL FRAMEWORK

2.1. Purchase Intention

Purchase intention becomes a factor to predict customer behavior. It can be a measurement to analyze whether customer want to purchase a product or not. The higher purchase intention, the higher consumer's willingness to buy a product. People can indicate their intentions through their experience such as on how they get the information, evaluate alternatives and how they make purchase decision (Chi & Yeh, 2012). Moreover, the other factors that might increase purchase intention are from the advertising such as endorsement popularity, expertise and attractiveness of that advertising. Advertising endorser could be from TV advertising, magazine or newspaper.

The other influencers of purchase intentions are price, quality perception and value perception (Jaafar et al., 2014). When customer want to purchase something, they have certain assessment to analyze the product is beneficial or not. If the product is matched with customer's criteria, it means the purchase intention may increase. On the other hand, the criteria to analyze purchase intention are from the psychological motivation that stimulates their responses toward the online retail store (Maoyan & Zhujunxuan, 2014).

2.2. Product Brand Image

According to Zhang (2015), brand image can be defined from 4 perspectives, which are meaning and message, personification, cognitive or psychological. Brand personality can be felt through the advertising campaign, the brand concept, and how the brand's company interacts with customer that brings direct experience to them. Brand image also conveys into emotional value and mental image.

Every single brand, which consists of the brand's name, image, and logo will associate to customer's mind and perception towards the brand itself. The elements of brand image are unique logo, slogan that describes the business and the variables that support the meaning of that brand. Brand image is not only a key for company to create competitive advantages but also to create value for customer (Chovanova & Korshunov, 2015). Brand image can be reinforced through the activities such as marketing communication, word of mouth, digital campaign, packaging, advertising, and the other promotion. The strategy that company can develop to strengthen their brand in order to cultivate stronger brand equity and increase growth is to create the brand attributes that has a value for customer and compare to the company's competitors.

There are brand association in every brand image that related to the level of strength, attributes, and the uniqueness (Huang, Lien, Wen, & Wu, 2015). The corporate brand image is a valuable intangible asset, which means difficult to imitate, but it helps company to achieve the financial performance and improve purchase intentions (Aziz et al., 2012).

Since product brand image represents rational and evaluation to customer's mind, it will lead to customer's perception that influence them rather wants to buy or not. On the other hand, online brand image consistent with strategic logic, deals with creating extrinsic, intrinsic and/or combined values for customers. The meaning of value creation is based on the objective features or attributes component on the product itself. Brand image plays important roles for company to makes customer imagine about the product. According to Burton and Easingwood (2006), brand positioning or brand image brings some benefits regarding their model on consumer focused perceived benefit, which are reduce the perceived risk that might happened

Thus, it can be hypothesized that:

H1: Product brand image positively influence online purchase intentions for apparel product

Nowadays, customers tend to rely the types of information regarding the product quality and product of brand image. They try to find another source that bring them into some benefit after purchasing certain items such as the long-lasting product, and reliable features or functions (Dai, Forsythe, & Kwon, 2014). In line with brand management, brand image is connected to customer's mind and mental perceptions about that brand. Moreover, brand image also create motivation for customers to buy the products, which is their willingness to purchase. The benefit of strong product brand image leads to reduce the perception of risk, create convenience, and build fun image (Sabri, 2015).

Besides that, brand awareness and brand association also impact to customer's memory when they remembered the brand. Brand association is explained about how possible customer will evaluate the brand in positive or negative way. The attributes that determine customer's evaluation are from the brand symbol, their experience, and product function (Aghekyan-Simonian et al., 2012). For customer who are intense to purchase in specific store, they are willing to purchase again and do not concern with the risk that might appear since they already have brand trust.

Thus, it can be hypothesized that:

H3: Product brand image negatively influence perceived product performance risk for apparel product in online shopping

2.3. Online Store Image

The Internet has become a fascinating dynamic virtual channel for buyer and seller. Since the Internet and technology is more advance, people believe that Internet is more effective, convenience and they could compare the product features and price. However, since many company transform their business into online and the growth of competitor is continuously increasing, customer may evaluate or research which online shop is reliable and trustworthy (Dai, Forsyth, & Kwon, 2014). In order to find the reliable online shop, people usually find some assessment in searching the best online shop, such as from ratings, store image, services, and website usage.

People will aware about the brand that has a high degree of familiarity toward the product. However, the degree of familiarity will affect to customer perception regarding the online store image. If the product has a bad reputation in market, thus it will be viral in the Internet and may reduce the number of potential buyer. On the other hand, if the product has positive influence to market, people are willing to share their experience and might create a reference to other people regarding the brand itself.

The major risk that usually happened in online shopping is product risk, financial risk and time risk, which make customer be very careful in choosing the right online shop. Since the business competition is increasing, majority of business offer the best for every customer in minimizing the risk that might occur for example company offer several payment methods based on what customers have. Company tries to get customer's trust to make customer convenience purchase online by creating good brand image in customer's mind (Wen & Ling, 2012).

Thus, it can be hypothesized that:

H2: Online store image positively influence online purchase intentions for apparel product

Product performance risk is due to the lack information regarding the product description. Most of consumer feels disappointed for company that did not provide any further information about product details (Zahid & Dar, 2016). On the other hand, company that have a positive image in market, it may not be a problem for customers regarding the

product risk. A good online store image can be assessed from website design, complete information about how to order, and product description.

Thus, it can be hypothesized that:

H4: Online store image negatively influence perceived product performance risk for apparel product in online shopping

Based on the explanation about online store image, there is a perceived financial risk that may occur when customer purchase from Internet. However, company nowadays provides several methods of online payment. For customer who feels not secure in giving their credit card information can choose another option such as cash on delivery or transfer with debit card (Keating, Kriz, & Quazi, 2009). In giving payment options for customer, it can reduce their worry regarding the purchase decision and may improve their trust and purchase intentions.

Thus, it can be hypothesized that:

H5: Online store image negatively influence perceived financial risk related with apparel products in online shopping

Time risk occurs because of the unstable Internet connection either from customer or website program. However, since technology is developing, company uses many methods to make sure customer can access the website without wasting their time (Zahid & Dar, 2016). Company also finds the way to reduce the loading time when customer wants to

open the picture or move to the other page. The strategy that can reduce perceived time risk is by growing the online store image for example company makes a innovation in their website (Laczko, 2014). For example, create a good ambience inside website, or animation that will reduce the perceived time risk. The higher the online store image in customer's perception, it will decrease the perceived risk that may occur.

Thus, it can be hypothesized that:

H6: Online store image negatively influence perceived time risk in online shopping for apparel products

2.4. Financial Risk

Financial risk is a consequence for all buyers when they shop offline or online. The meaning of financial risk is related to the loss of monetary resources (Keating & Quazi, 2009). The unstable price may lead to dissatisfaction. There are some reasons why people may suffer monetary lost in online shopping. First is they do not have an idea to compare the price in one store to another store, people have lack of information regarding the price. Second is financial risk may occur from credit card frauds. Nowadays, the number of credit card frauds is increasing. Another factor of financial risk happens into another price charge or cost toward the product (Chen, Hsu, & Wang, 2013). For example, the delivery charge, maintenance charge that makes the price higher than usual.

Another definition of financial risk according to is “the degree” of uncertainty that a customer is willing to accept when making a financial transaction (Wang & Tsai, 2014).

Financial risk usually happens after they payment process is done. The majority company industry that has the biggest potential of financial risk is travel industry, books and music industry. Financial risk may lead to price sensitivity among customer. Customers have an ability to check and compare the price among company's product and they will buy the product in which has less financial risk.

In online shopping, most of customer is worried about payment method that is not safe or can mitigate their privacy. Nowadays, there are a lot of payment system offered from company in online shopping, for example cash on delivery, which is they should not prepare their card or paid the down payment first, but customer just prepare the money when product arrived (Ghotbabadi & Feiz, 2016). Another payment method is debit card, and credit card. Currently, customer can also pay from minimarket in Jakarta that provides the specific machine to pay to the online shop itself.

Thus, it can be hypothesized that:

H7: Perceived financial risk negatively influence online purchase intentions for apparel product

2.5. Product Risk

Product risk can be determined as performance risk. The definition of product risk is the probability of a product failing to meet the performance requirements originally (Vo & Nguyen, 2015). Product risk is become a major risk for people who shop offline and online. A product will lead to dissatisfaction of customer when the product performs as not what is being promised or the products attribute is failed physically (Juniwati, 2014).

Product risk is due to customer's inefficiency to Assess the quality of product or services because they do not have much information regarding the product quality.

The categories of product risk might be on the product features, product performance, color, design, shape and many more. On the other hand, online shopping for apparel products offered the detail description of products such as the raw material, size, and color that make customer can analyze the detail description before they purchase. (Samadi & Nejadi, 2015). In order to avoid performance or product risk, customer can evaluate or find another choice of online shop that match with their criteria. Moreover, the reason why product risk happened is due to the packaging material that can interrupt the product when it has been delivered.

Detail description that provided by online shopping in website, make customer trust and convenience to shop in that store. It means customer has a less opportunity to move or find another online shop, since they already have a trust in certain online shop. Thus, company should to create all the detail and transparent description and make sure they are really understood the materials, features, and functions toward the product.

Thus, it can be hypothesized that:

H8: Perceived product risk negatively influence online purchase intentions for apparel product

2.6. Time Risk

Time risk can be determined as the perception of time, effort, or convenience that may be wasted when the product is purchased, repaired or replaced (Masoud, 2013). Besides that, time risk can be happened during transaction when the officer is submitting product, or has a difficulty in navigation. According to (Aghekyan-Simonian et al., 2012) time risk was described as “time loss experienced by a consumer due to difficulties in receiving product”. In terms of online shopping, time risk may occur when customers try to submit the product code, or the slow-downloading website and confusing website design (Hong, 2002).

In terms of online shopping, companies move their business into online that expected to create more sales and make customer easier to purchase. The major benefit of creating business online is to offer customer flexibility to purchase in terms of timing. People have an ability to access the Internet anytime. However, company also minimize the loading time error in their website (Ariff & Sylvester, 2014). They do not want customer wait for a long time in one home page that cannot load. Since the technology and website infrastructure is more advance, company hire the professional to make little time consuming in website for customer to purchase.

Thus, it can be hypothesized that:

H9: Perceived time risk negatively influence online purchase intentions for apparel product

2.7. Theoretical Framework

Based on the description of each variable, author can conclude that the theoretical framework is provided as follow:

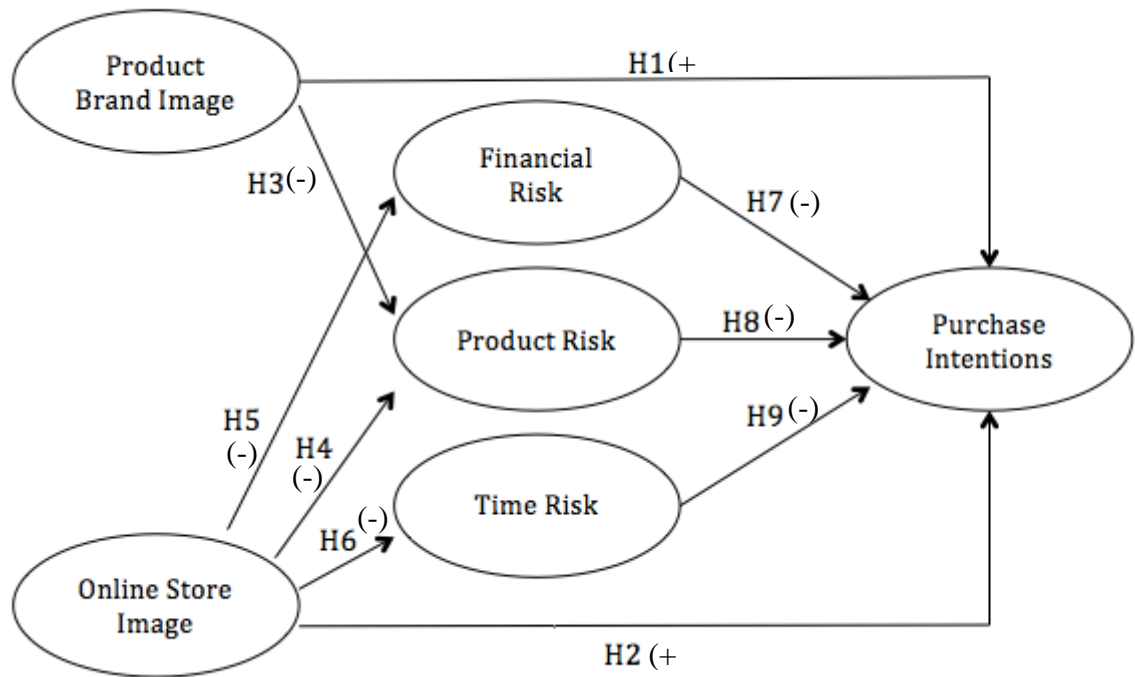


Figure 2.1 Theoretical Framework

Source: Aghekyan-Simonian et al., 2012

Table 2.1 Summary of Hypothesis

H1	Product brand image positively influence online purchase intentions for apparel product
H2	Online store image positively influence online purchase intentions for apparel product

H3	Product brand image negatively influence perceived product performance risk for apparel product in online shopping
H4	Online store image negatively influence perceived product performance risk for apparel product in online shopping
H5	Online store image negatively influence perceived financial risk related with apparel products in online shopping
H6	Online store image negatively influence perceived time risk in online shopping for apparel products
H7	Perceived financial risk negatively influence online purchase intentions for apparel product
H8	Perceived product risk negatively influence online purchase intentions for apparel product
H9	Perceived time risk negatively influence online purchase intentions for apparel product