

**THE INFLUENCE OF BRAND TRUST, BRAND
ASSOCIATION, BRAND LOYALTY AND BRAND
EQUITY IN CYBERSPACE: MODERATING
EFFECT OF ONLINE PURCHASE FREQUENCY**

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ASSOCIATION, BRAND LOYALTY AND BRAND
EQUITY IN CYBERSPACE: MODERATING
EFFECT OF ONLINE PURCHASE FREQUENCY**

by

LIM YING SAN

**Thesis submitted in fulfillment of the requirements
for the degree of
Doctor of philosophy**

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DEDICATION

To my parent, Mr. Lim Kim & Madam Tan Kha Buey

To my husband- Mr. Ng Chiun Yann

To my daughter- Ng Zin Ning

To my siblings

~ For your love, endless support and encouragement.

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**PENGARUH KEPERCAYAAN JENAMA , PERSATUAN JENAMA,
KESETIAAN JENAMA DAN EKUITI JENAMA DALAM RUANG SIBER :
PEMBELIAN KEKERAPAN ATAS TALIAN SEBAGAI MODERATOR**

ABSTRAK

Ekuiti jenama (*brand equity*) in ruang siber semakin penting dalam persekitaran ruang siber yang ada banyak persaingan. Pelanggan lebih bersedia untuk mengulangi pembelian, membayar lebih untuk barang yang sama nilai dan kualiti serta mewujudkan hubungan yang baik dan kekal dengan penjual yang ada ekuiti jenama yang lebih tinggi. Dengan ini, tujuan kajian ini adalah untuk mengenalpasti kepentingan kepercayaan jenama (*brand trust*), persatuan jenama (*brand association*), kesetiaan jenama (*brand loyalty*) dalam mempengaruhi pembentukan ekuiti jenama di dalam ruang siber. 424 data telah dikumpul daripada Generasi Y melalui soal selidik dan dianalisis dengan menggunakan *Structural Equation Model (SEM)*. Hasil daripada kajian ini menunjukkan bahawa kepercayaan *dispositional (dispositional trust)* akan mempengaruhi kepercayaan berasaskan sistem (*System based trust*) dan kepercayaan berasaskan sistem seterusnya akan mempengaruhi kepercayaan jenama atas talian. Kepercayaan jenama atas talian yang terbentuk pula akan seterusnya mempengaruhi pembentukan ekuiti jenama atas talian bersama-sama dengan persatuan jenama atas talian dan kesetiaan jenama. Walau bagaimanapun, persatuan jenama atas talian mempengaruhi ekuiti jenama atas talian secara negative dan kepercayaan jenama adalah pengaruh yang paling penting mempengaruhi ekuiti jenama. Tambahan pula, kajian ini juga mendapati bahawa pengalaman pembelian atas talian akan mengharmonikan hubungan di antara persatuan jenama dan ekuiti

jenama atas talian. Berdasarkan hasil kajian ini, adalah disyorkan bahawa perniagaan dan penggubal polisi perlu menekankan kepentingan kepercayaan dalam mempengaruhi ekuiti jenama dalam talian terhadap laman web. Dari segi had kajian, fokus kajian ini adalah terhadap Generasi Y. Kajian ini boleh diperluaskan pada masa depan dengan memasukkan pelanggan selain daripada Generasi Y. Dengan ini, kajian pada masa depan boleh mendapatkan pandangan yang lebih menyeluruh dalam faktor-faktor yang mempengaruhi ekuiti jenama dalam talian.

**THE INFLUENCE OF BRAND TRUST, BRAND ASSOCIATION, BRAND
LOYALTY AND BRAND EQUITY IN CYBERSPACE: MODERATING
EFFECT OF ONLINE PURCHASE FREQUENCY**

ABSTRACT

Brand equity in cyberspace is getting important in the competitive cyberspace environment. Consumers are more willing to repeat the purchase, to pay more for the same value of quality and to create a long term relationship with the sellers who have higher brand equity. The purpose of this study is to identify the influence of brand trust, brand association, brand loyalty in influencing the brand equity in the cyberspace. In total, 424 data were collected by using self-administrated questionnaire among Generation Y. The data were analysed by using Structural Equation Model (SEM). The result of the study showed that dispositional trust will affect system based trust and system based trust influence online brand trust. Online brand trust, online brand association and online brand loyalty will influence online brand equity. However, the influence of online brand association on online brand equity is negative. The result indicated that brand trust is the most influential factor influencing brand equity online. In addition, the study also found that online purchase frequency will moderate the relationship between online brand association and online brand equity. Based on the result of the study, it is recommended that business and policy makers have to emphasise the importance of trust in influencing brand equity online to ensure the company website to have better brand equity. In term of limitation, the present study focus on Generation Y. Future studies should expand this research by including customers other than Generation Y in the studies to get a more comprehensive view on the factors influencing brand equity.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter gives an overview of the research background, problem statement, objectives, research questions, scope of study, significance of the study, definition of terms and organisation of the thesis.

1.1 Background of the study

Technology advancements have enriched customers' access to information via various forms of media such as print, broadcast and electronic media comprising the Internet. Among these media sources, the Internet has become a highly touted medium for businesses and service providers in communicating information and delivering products and services to customers. According to Turban et al. (2009), the Internet is a useful tool for dispersing information to customers as it is being flexible, open, informal, and interactive. With the presence of Internet, latest information can be despatched to customers speedily, 24 hours a day, seven days a week regardless of geographical location.

The benefits of the Internet have led many businesses to incorporate Internet applications in their business operations (Alba et al., 1997). These applications include Internet advertisements, online booking, online selling and Electronic Customers Relationship Management (E-CRM). The emergence of powerful "click only" companies which operate their business solely online such as Yahoo!, Amazon.com, Google, eBay, Facebook, YouTube, Barnes and Noble.com gave the offline market a shock on the way they growth (Cleland, 2000). These click only

companies easily achieved a large client base and high sales in cyberspace in a short period of time. Additionally click only companies form their brand names easily in cyberspace via word of mouth through online communities. On the other hand, brick and mortar companies which do their business only in the offline market take much longer time to acquire a large client base, sales and brand name (Cleland, 2000).

The benefits of the Internet have been extended to customers as well. They can now carry out many activities such as information searching, online booking and online purchasing through the Internet. Among all the transaction conducted on the Internet, online purchasing is one of the most rapidly growing activities in cyberspace (Grunert & Ramus, 2005). According to Retail Research (2012), in Europe, more than 71% of European has shopped online and the e-commerce market was around £101, 840 million in year 2011. Also, the e-commerce market in United States in year 2013 is around USD 312 billion (e-Marketers, 2014). The e-commerce market is anticipated will continue to grow in the future, euromonitor reported that global e-commerce market anticipated will exceed USD1155.7 billion by year 2016 (atkearney.com). This growth in ecommerce market is anticipated driven by emerging markets.

Growth in the number of customers purchasing online has created new business opportunities for the sellers in the cyberspace, thereby increasing significantly the number of businesses involved in online purchasing (Lee, Cyril Eze, & Ndubisi, 2011). The increase in businesses online gives customers more options to choose from when they want to purchase goods and services online. Consumers have abundance of service providers' websites to compare and to review products and services offered. Since some of these websites may be familiar to customers while others may not be, the consumers will choose to purchase from reputable websites

which are familiar to them. Numerous studies indicate that consumers are willing to rely on reputable websites to help them distinguish the products, services and providers in cyberspace (ACNielsen, 2008; Durkan, Durkin & Gillen, 2003; Harvin, 2000; Neal, 2000; Patrick & Candy, 2008) because consumers perceive business offers by the reputable websites to be more reliable and trustworthy as opposed to an unknown website (Hashim & Murphy, 2007). Due to this, brand is getting important in cyberspace because brand can help the consumers to identify and distinguish the different providers available in the cyberspace and subsequently reduce customers' time and costs when searching for a reliable service provider (Rowley, 2004).

In offline setting, Kotler, Armstrong, Saunders and Wong (2002) defined brand as a name, term, sign, symbol, design or a combination of these, used to identify goods and services offered by sellers, and to differentiate goods and services from other competitors. A brand is presumed to be a promise made by a company to its customers with the support from the company (Sterne, 1999). However, in cyberspace, the name of the retailer's website is used to represent the company's brand (Chang & Chen, 2008; Shah Alam & Mohd Yasin, 2010).

Brand equity is important online. When the consumers know a retailer's website brand, search costs can be reduced as customers use a brand name as a substitute for product information when they want to make a decision to purchase online (Hashim & Murphy, 2007). Customers will choose trusted websites where they can be certain that the services and information provided are real and reliable (Ward & Lee, 2000). Similar with offline setting, the power of the brand in the cyberspace is reflected in brand equity. However, in the cyberspace setting, brand equity is commonly named as online brand equity (Christodoulides & Chernatony, 2004; Guan & Ma, 2009; Na & Marshall, 2005).

Similar with offline setting, brand equity online refer to the positive association formed by consumers, however, brand equity online in this study is focused to the company website (Christodoulides & Chernatony, 2004; Guan & Ma, 2009; Jin, 2006; Page & Lepkowska-White, 2002) which make consumers willing to pay more and repeatedly purchase to obtain good value and quality of a product or service (Aaker, 1991; Bello & Holbrook, 1995; Farquhar, 1989; Kamakuru & Russell, 1993; Keller, 2003; Lundstrom & Dixit, 2008; Shimp, 2003; Srinivasan, Park & Chang, 2005).

In this study, the concept of brand equity in online and offline is the same and the only different is on the context (online and offline context) (Na & Marshall, 2005). Hence, for the purpose of this study, the term of online brand equity and brand equity will be used interchangeably in this study.

1.1.1 Online Activities in Malaysia

Since JARING launched its first Internet service in Malaysia in 1990, the number of Internet users in Malaysia has grown rapidly. Until June 2015, Internet users in Malaysia have reached 20 million or 67.5 percent of the Malaysian population. Resulting from this rapid expansion of Internet penetration, Malaysia has become one of the top ten countries in Asia which records high numbers of Internet users in year 2015 (Internet Words Stat, 2015).

The use of the Internet is certainly popular in the business environment. In Malaysia, the registration of a .my domain with Malaysian Network Information Centre (MYNIC) costs RM32- RM120 per year. Many companies register their domain in cyberspace to form a website to communicate or have transaction with customers. According to MYNIC, the number of companies that have registered a

domain name of .com.my has increased significantly in 2014 compared with the year 2000, and it is expected to continue to grow in future (Pikom, 2013), the yearly statics of domain name is shown in Table 1. 1.

The rise of Internet penetration in Malaysia has created new phenomena of consumers' attention to online purchasing. Online purchasing is getting popular and growing well in Malaysia. A recent study by ACNielsen and Paypal (Marketing Interative.com, 2011) depicts that online purchasing in Malaysia has recorded transactions worth RM1.8 billion in 2011 with the estimation of 1.1 million online shoppers. This figure is 70 percent higher than that recorded in the previous year. Items most frequently purchased online are travel-related products such as flight tickets and hotel accommodation (RM4.35 million), followed by financial products and services (RM3 million) and entertainment and leisure (RM2 million). Online purchasing activity is expected to involved transactions worth RM50 million in the year 2014. However, despite the increasing number of online transactions, many Malaysian users have doubts about security issues in cyberspace and are hence delaying their online purchases for this reason (Cheng & Yee, 2014; Marketing Interative.com, 2011; Paynter & Lim, 2001). Security issues could be trigged among the consumers due to lack of trustable brand in cyberspace (Cheng & Yee, 2014; Sharifah Faridah & Melewer, 2013) in Malaysia online purchase market.

Table 1.1: Yearly Statistic of Domain Name

Year	Category (number)								Total
	.my	.com.my	.net. my	.org. my	.gov.my	.edu.my	.mil.my	.name.my	
1995	0	100	3	4	31	13	0	0	151
2000	0	10048	378	192	51	74	0	0	10743
2008	14445	59566	2090	1970	1099	1235	3	378	80786
2009	18226	65685	2041	2102	1227	1449	5	453	91188
2011	39050	97921	2764	2613	1087	2137	17	401	145990
2012	87488	111536	2752	2765	1158	2923	25	289	208936
2013	51721	130018	2713	2980	1102	3083	24	892	192533
2014	113811	134767	2734	4024	1062	3710	21	9220	269340

Source: Malaysian Network Information Centre (MYNIC, 2015)

1.1.2 Online Branding scenario in Malaysia

According to Brand Directory, in year 2014, the only Malaysian brand that ranks in world top 500 valuable brands is Petronas (Brand directory, 2013). Although branding activities became a trend now in the market, however, Malaysian's brands are still not competitive locally and internationally.

Branding activities is even poor in cyberspace. Table 1.2 shows the most valuable brands in Malaysia (Brand directory, 2013).

Table 1.2: List of 20 most valuable Malaysian Company Brands 2013

1	Petronas
2	Genting
3	CIMB
4	YTL
5	Sime Darby
6	Maybank
7	Maxis
8	Tenaga Nasional
9	Public Bank
10	DiGi
11	TM
12	Astro
13	Malaysia Airlines
14	Celcom
15	Axiata
16	IOI
17	RHB
18	AmBank
19	Sports Toto
20	AirAsia

Source: Brand Directory.com

Table 1.2 above, among all the 20 top valuable brands in Malaysia, only one company actively involve their business and successfully build a reputable brand online and offline, the company is Air Asia (Wong, 2012). Many studies shows that online branding in Malaysia is still in the infancy stage as most of the business in Malaysia is still focusing on the traditional offline setting (Shah, Peikari & Mohd Yasin, 2013; Wong, 2012). Since not many companies are focusing on online

branding, this situation in fact raises an opportunity for the online companies in Malaysia to catch up with the online branding strategies in order to form a good online brand in the cyberspace setting.

Fortunately, the important of online branding started to receive attention from the sellers recently. Sharifah Faridah and Melewer (2013) reported that online branding is getting important in service industry and online environment. Online sellers started to rise concerned on the important to build their brand in the cyberspace to distinguish themselves from competitors and to better serve the customers.

1.1.3 Trust in Cyberspace in Malaysia

Trust in cyberspace has always been an issue in Malaysia (Hassan & Kasiran, 2008). In 2011, 3142 fraud cases related to financial transactions were being reported to Cybersecurity Malaysia (Aruna, 2012) and it increase up to 10, 636 cases in year 2013 (The Sun Daily, 2014) . According to Ali (2013), the value of cybercrimes is expected to surpass RM1.1billion recorded in year 2012. In year 2012, 50 percent more of online shopping scams were being reported in Selangor compared to year 2010. This figure shows a quick increase of online shopping scams as compared to other commercial crimes (Aruna, 2012). In year 2014, Malaysian police received 587 reported cases and they estimate the net losses in the first half will be RM 14.9 million (The Sun Daily, 2014).

Apart from this, findings from a research conducted by Papal in the year 2010 indicated that four out of 10 shoppers questioned credit card security when purchasing online, six out of 10 shoppers felt they were taking a risk each time they

shopped online while seven out of 10 shoppers agreed that they would shop more if security in online purchasing improved (The Malaysian Insider, 2010).

The feeling of insecurity and high number of scam cases reported make many online shoppers in Malaysia choose to purchase only from reputable websites (Ho, 2011). However, Malaysia online market yet to have reputable website which consumer can trust. Research found that Malaysian is lack of confident and trust when it comes to online purchasing (Cheng & Yee, 2014; Harn, 2006; Ho, 2011; Samuel, Balaji & Kok, 2015; Paynter & Lim, 2002). Previous studies in Malaysia have shown that trust is one of the many crucial factors influencing consumers' online transactions (see Shah Alam, Khatibi, Sayyed Ahmad & Ismail, 2007; Zendehdel, Pail & Osman, 2011). Hence, to encourage online purchasing in Malaysia, online retailers should start to build a good reputation and gain their customers' trust by practicing good business ethics, maintaining the privacy of consumers and communicating added value to prospective buyers (Lee et al., 2011). This practice is important as trust is important to make consumer committed to a brand to form brand equity (Berry, 1993; Gounaris, 2005; Harris & Goode, 2004; Rauyren, Miller & Groth, 2009).

1.2 Problem Statement

The business of online purchasing is expanding, giving rise to an increasing competition in the cyberspace (Chua, Khatibi & Ismail, 2006). To compete with others in a highly competitive environment, online sellers have to focus thoroughly on improving brand equity pertaining to their company's website. This is because a company website which has strong brand equity can help online sellers to distinguish their products and services from other competitors (Evuleocha, 2003). When a

company websites have strong brand equity, consumers will have more confidence to purchase products or services online (Evuleocha, 2003). However, building brand equity online is very different from offline due to the cyberspace environment. According to Rana, Bhat and Rani (2015), many companies who success in offline failed when they set up their online business. This is because they unable to create enough brand value. For example, Pets.com failed because of excessive advertisement in cyberspace despite they are very well known in offline. Hence, marketers need to adjust their strategies when they want to build brand equity online.

In addition, most Asian companies view brand as advertising and design rather than as a competitive weapon (Choi, Ok & Seunghyup, 2011; Roll, 2005). Hence, not many companies are willing to invest in a brand. This makes branding strategy in Asian countries a relatively slow process when compared with western countries even though many companies in western started to build their brand equity online since early 2000s (Rana, Bhat & Rani, 2015).

Brand equity has been a subject receiving great attention from many researchers (see Aaker, 1991; Keller, 1993). The Aaker's Brand Equity Model has been used and adapted by many researchers to form the brand equity in a brick and mortar setting (see Bamert & Wehrli, 2005; Henry et al., 2010; Kayaman & Arasli, 2007; Nurittamont & Ussahawanitchakit, 2008). In a brick and mortar setting, various studies shown that brand equity is formed through brand awareness, brand loyalty, perceived brand quality and brand association (Aaker, 1991). What is lacking, however, is a study on brand equity online, which is an important consideration for consumers in making purchasing decision due to the abundance of information available in cyberspace that provides numerous alternatives (Evuleocha, 2003). In cyberspace settings, brand association and brand loyalty is very important.

Brand associations is important because consumers cannot see and touch the products and services, hence, they can only use the associations to decide their purchase decision (Chen, 2001). In addition, brand loyalty would makes the consumers stick to the website despite the low switching cost in the cyberspace environment (Tong & Hawley, 2009). The study of brand equity in cyberspace, indeed, practically near to nothing in Malaysia. While there are researches on brand equity in brick and mortar settings in a Malaysian context, the study of brand equity in such conventional settings is not sufficient to form online brand equity because of the difference between cyberspace and brick and mortar settings.

One of the significant differences between online and offline setting is the physical distance. The physical distance in cyberspace prevents buyers and sellers from meeting face-to-face before or after any transaction and poses a challenge in term of shared time and space during transactions in cyberspace (Mukherjee & Nath, 2007). The absence of shared time prevents buyers and sellers from having prompt replies in cyberspace. This intangible form of operation in the cyberspace increases the difficulty for consumers to evaluate a company using tangible cues (Rios & Riquelme, 2008) which can easily created sense of insecurity among the buyer. This sense of insecurity can easily stop the buyer to purchase from cyberspace. According to Tan and Thoen (2002), online activities can only succeed if consumers trust cyberspace. This difference between an online and offline business environment makes trust an extremely important consideration in the cyberspace transactions.

Ho (2011) reported that online shopping is growing in Malaysia, the amount spent in online purchases in Malaysia, however, is still small compared with other countries in the region of East Asia such as China, Japan and Korea. In China, the total online shopping revenue in year 2007 was USD297.8 billion, followed by Japan

(USD168.9 billion) and Korea (USD82.0 billion) (MasterCard Worldwide Insights, 2008). On the other hand, the online shopping revenue in Malaysia achieved USD6 billion in year 2010. Countries like China, Japan and Korea already achieved this revenue since earlier. If compare with a country which have smaller population than Malaysia- Singapore and Taiwan, Singaporean spent S\$ 1.1 billion in online shopping in year and the total spending per person is S\$1492 (Techinasia, 2011) while Taiwanese spent around 8.33 billion USD in online shopping in year 2011 (Li, 2011). On the other hand, Malaysian spent RM 1.8 billion in online shopping and the spending per individual is RM 2416 per person (Ho, 2011). The figure showed that the online purchase activity in Malaysia is still slow as compared to other countries.

One of the reasons for the slow growth in online purchasing is because Malaysians are concerned about the issue of trust in cyberspace (Ho, 2011). The importance of trust in cyberspace has led to extensive research about this issue, yet most of these studies focus on how important trust and input of trust in cyberspace, and not entirely on the different levels of trust in cyberspace. In lieu of the fact that, trust is an important element in forming a long term relationship, the levels of trust in cyberspace should be studied in the cyberspace settings (Mustafa Khan, Shahid & Akhtar, 2009).

According to past studies (McKnight and Chervany, 2001; Chen, 2013), trust in cyberspace can be interrelated. McKnight and Chervany (2001) described that trust in cyberspace is divided into three levels: dispositional trust, institutional trust which is the system based trust, and interpersonal trust which is the online brand trust. The first level of trust is dispositional trust, which refers to the tendency of an individual to rely on others (Chang & Chen, 2008; Gefan, 2000; Salo & Karjalupto, 2007). In this scenario, before customers form their own trust in cyberspace, they

tend to depend and trust other people. Consumers with a high level of dispositional trust will trust things unfamiliar to them more, in contrast to consumers with low dispositional trust (Gefan, 2000). However, according Yamagishi and Yamagishi (1994), Asian consumers have lower dispositional trust compared with consumers in western countries. This is because Asians are more collective in nature. Such a collectivist environment in Asia makes Asians possess a lower disposition to trust compared with an individualistic environment in western countries (Han & Shavitt, 1994; Triandis, 1989). When it come to cyberspace, a lower dispositional to trust will make customers in Asian feel reluctant to trust the Internet.

The second level of trust is institutional trust which is formed after dispositional trust. Institutional trust refers to system based trust that encompasses how consumers trust the ability of technological systems to secure their privacy and information (Pennington, Wilcox & Grover, 2004). System-based trust is always an issue in online purchasing. According to MasterCard WorldWide Insights (2008), 65% of online users in the Asia Pacific region felt reluctant to purchase online because of concerns about security in online transactions. The Star (2009) reported that in the year 2009, cyber threat incidents in Malaysia had increased by 87 percent from January to October compared with the previous year. In other words, the cyber treats cases reported in year 2008 is 1573 cases, but it shoot up to 2937 cased in year 2009. Studies postulated that the majority of customers and buyers in Malaysia prefer shopping in a brick and mortar setting due to their lack of trust in virtual stores. (Kwek, Lau & Tan, 2010; Paynter & Lim, 2001; Samuel, Balaji & Khong, 2015) Previous studies found that online purchasers and non purchasers claimed that they would indulge in online shopping if they were confident about security of the payment system on the Internet. The non-purchasers claimed that they chose not to

shop online because they were worried about security and privacy issues when submitting their information via the Internet.

A research conducted by ACNielsen and Paypal (Marketing Interactive.com, 2011) further indicated that out of every 10 Malaysians, four of them felt insecure about disclosing credit card information in cyberspace. This insecurity prevented customers from engaging in online purchasing. The trust that consumers place on security and privacy issues on the Internet relates to system-based trust, which is one of the more important issues pertaining to online activities in Malaysia. Malaysians will not purchase from an online company if they do not trust the company. Before consumers can actually trust the cyberspace environment, companies should convince the customers about the security of the system. Dispositional trust and system based trust is important in cyberspace because it will affect consumers' first impression about online transactions and a specific e-vendor's brand (McKnight & Chervany, 2001).

The third level of trust is Interpersonal trust, which is placed by the trust formed on a specific e-vendor's brand- the online brand trust (Ha, 2004). When online users in Malaysia experiment with a brand in cyberspace, they are in fact scouting for an online brand that will give them better value (Shah Alam & Mohd Yasin, 2010). According to ACNielsen and Paypal, Malaysian online shoppers only purchase products and services from a reputable or familiar website (Ho, 2011). The behaviour of purchasing from familiar and reputable websites makes online brand trust a very important for both buyers and sellers. When buyers want to purchase online, they will only choose to consider the websites they formed the trust before getting involved in an exchange (Berry, 2000; Chen & Barners, 2007; Ribbink, van Riel, Liljander & Streukens., 2004; Yoon, 2002). However, many Malaysia online

users still think there is lack of trusted brand in the cyberspace market in Malaysia. Hence, to encourage more customers to purchase from them, online sellers must find strategies to make consumers formed the online brand trust, which is the trust formed on their websites.

Also, the moderating effects of online purchase frequency is considered to be an important factor affecting consumer's online brand equity. Online purchase frequency is the consumers experience referring to the number of times consumers purchase (Jin & Park, 2006). Previous studies indicate that online customers who have intention to purchase usually have online purchasing experience (Ba, 2001; Shim & Drake, 1990). However, research on the moderating effects of online frequency is plenty on the online purchase, but not on brand equity online.

Based on the issues of lack of online website which have high brand equity in Malaysia, the importance of different levels of trust to form trust in the cyberspace and the moderating effect of online purchase frequency. This study, therefore, addresses the main concern of: what is the influence of levels of trust on trust and the influence of brand trust, brand loyalty and brand associations towards brand equity in cyberspace with the moderating effect of online purchase frequency.

1.3 Research Questions

The research questions addressed in this study are as follows:

- 1) What are the influences of levels of trust (dispositional trust, system based trust, brand trust) on trust in cyberspace?
- 2) Do brand trust, brand loyalty and brand association influence brand equity in cyberspace?

- 3) Does online purchasing frequency moderate the relationship on brand trust, brand association brand loyalty towards brand equity in cyberspace?

1.4 Objectives of the Study

The main purpose of this study is to identify the factors influence brand equity in cyberspace. The objectives related to this are shown below:

Objective 1: To identify the influence of levels of trust (dispositional trust, system based trust, brand trust) on trust in cyberspace.

Objective 2: To identify the influence of brand trust, brand loyalty and brand association on brand equity in cyberspace.

Objective 3: To identify the moderating effect of online purchasing frequency on brand trust, brand association, brand loyalty towards brand equity in cyberspace.

1.5 Scope of study

The study will examine the relationship between different levels of trust in cyberspace: dispositional trust, system based trust and online brand trust (McKnight, Cummings, & Chervany, 2001). Additionally, the study hopes to ascertain the relationship between online brand trust, online brand association and online brand loyalty in influencing online brand equity. The moderating effect of online purchasing frequency is included to determine its impact on online brand trust, online brand association and online brand loyalty and subsequent the influence of online brand equity in cyberspace.

Aaker's Brand Equity Model (Aaker, 1991) will be utilised in this study to ascertain the factors influence brand equity in cyberspace. This model is suitable in this context because it is a well-studied model in brick and mortar setting and it has

been discussed extensively by many researchers (see Kim, Jin-Sun & Kim, 2008; Mohd Yasin , Noor & Osman, 2007, Pappu et al., 2005, Yoo, Donthu & Lee, 2000,). However, some modifications on Aaker's Brand Equity Model are needed to fit cyberspace settings (Mukherjee & Nathm, 2007). In this study, the levels of trust mentioned in earlier sections will be added to Aaker's Brand Equity Model as factors influencing the brand equity in cyberspace.

The study of the factors influence brand equity in cyberspace will focus on Generation Y aged from 18 to 34 years (by the year 2012) in Malaysia which has online purchasing experience. Generation Y is selected because it is considered to be internet savvy and very much at home with the Internet (Kotler & Armstrong, 2010; Kumar & Lim, 2008; Martin, 2005). The study will distribute questionnaire to target respondents via Facebook. The sample size of the study is 300 respondents.

1.6 Significance of the Study

The significance of the study will be discussed from two perspectives: the theoretical contribution and the managerial contribution.

1.6.1 Theoretical contribution

Previous researchers were trying to understand the brand equity in a brick and mortar business environment using Aaker's Brand Equity Model, however, previous studies shown that different industry have different factors influence brand equity (see Gil, Adres & Salinas, 2007; Tong & Hawley, 2009; Yoo & Donthu, 2001) . This shows that factors influence brand equity might vary according to different industry. In the recent studies, some studies had started to conduct research in online brand equity, the study on the online brand equity, however, is still lacking. In addition to

this, most of the researches conducted in online brand equity are in the conceptual stage and the influence of online brand equity is inconsistency. With this, this study attempts to fill the literature gap in research of online brand equity by providing empirical evidence on the factors influence brand equity in cyberspace. This study will expand Aaker Brand Equity Model by adding the different levels of trust as the factors influence brand equity in cyberspace. The levels of trust are needed in the Aaker's Brand Equity Model to address the differences between online and offline business settings.

This study will contribute to the theoretical perspective by examining the levels of trust in cyberspace as indicated by McKnight et al. (2000) in the study of online brand equity. The study will be able to identify the influence of levels of trust: dispositional trust, system based trust and online brand trust in the cyberspace and later influence the online brand equity. Although there are many studies on trust in cyberspace, not many delve into the study of different levels trust. Hence, this study therefore identifies the influence of different layers of trust in cyberspace and its importance in influencing online brand equity.

Also, previous studies on brand equity have been shown to involve countries outside Malaysia. Research on brand equity in Malaysia that is available; on the other hand focus mainly on brick and mortar settings (see Mohd Yasin et al., 2007; Wan Omar & Mohd Ali, 2010). To the researcher's knowledge, studies on online branding conducted in Malaysian contexts are limited (see Hashim & Murphy, 2006). Hence, this study will contribute to research on online brand equity in the context of Malaysia.

1.6.2 Managerial contribution

When more companies are involved themselves in online business transactions, there is increasing competition in the cyberspace business environment. In this competitive environment, brand equity has become one of the cues to help consumers make purchase decisions. Hence, companies must form a strong brand in cyberspace to remain competitive in such an environment. The study will provide some ideas on the ways consumers form online brand equity. Additionally, the outcomes from this study can be treated as a strategy for business policy-makers to identify proper ways to enhance online brand equity for their products.

1.7 Operationalization of Key Terms

The research variables involved in this study are: dispositional trust, system-based trust, online brand trust, online brand association, online brand equity, online brand loyalty and online purchase experience. The definition of these key terms is given in Table 1.3 below:

Table 1.3 Definitions of key terms of the study

Variables	Definitions
Dispositional Trust	Disposition to trust is the tendency to depend on others and becoming vulnerable in general to other people (Chang & Chen, 2008).
System based trust	System-based trust relates to the technological system through which the ability to secure the customers personal information and privacy (Pennington, Wilcoz & Grover, 2003).

Table 1.3 (*continue*)

Online brand trust	“The confident expectations of the brand’s reliability and intentions in situations entailing risk to the consumer” (Delgado-Ballester, Muneura-Aleman & Yague- Guillen, 2003, p.37) on a specific website (Ha, 2004; Shah Alam & Mohd Yasin, 2010).
Online brand association	Association that come to a consumer’s mind when a website is encountered (Aaker, 1991).
Online brand equity	The positive association formed by consumers with a brand which make consumers willing to pay more and repeatedly purchase to obtain good value and quality of a product or service (Aaker, 1991). The brand is referring to the online website in the cyberspace (Page & Lepkowska-White, 2002).
Online brand loyalty	Consumers’ overall positive attitude towards online businesses which can materialised as commitment and repeat purchase behaviour (Anderson & Srinivasan, 2003).
Online purchase frequency	Experience of the consumers by referring to the number of times consumers purchase (Jin & Park, 2006).

1.8 Organization of the Study

The study is divided into five chapters. The current chapter provides some introduction on the background the research. In addition, a discussion on the research problem and the objectives of the study will be included.

Chapter two provides an intensive literature review which includes a discussion on the variables that impact online brand equity and the theories examined in this research such as Social Exchange Theory, Commitment and Trust Theory and Associative Network Theory.

In the third chapter, the research framework, methodology and research tools employed in this study are highlighted. It will also zoom into the sampling process, questionnaire design and method of data collection.

Chapter four looks into the statistical tools used and the results of the research finding.

Lastly, chapter five provides a through discussion on the managerial implication based on the research findings and some suggestions for future research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter is divided into eight parts. The first part is an introduction on cyberspace and the cyberspace business in Malaysia. The second part focuses on brand equity, Brand Equity Model used by the past studies and the brand equity studies in Malaysia.

The third part look into online brand equity in the cyberspace by including: online brand loyalty, online brand association. The forth part introduce the importance of trust in cyberspace, Model of High-level Trust Concept which consists of online brand trust, system-based trust and dispositional trust as factors influencing online brand equity. Additionally, this part also focuses on theories used in this study, which includes: Social Exchange Theory (SET), Commitment- Trust Theory. The fifth part focuses on the moderating effect of online purchase frequency on online brand equity. The sixth part focus on the literature of Generation Y, which is the scope of this study. The Last parts focus on the conceptual framework and hypotheses of study.

2.1 Cyberspace

The present generation, both old and young, have come to rely on technological advancements heavily. The various technologies and concepts pertaining to information technology are oblivious to them. The concept of “cyberspace” was defined in 1980s by a science fiction writer, William Gibson as “a consensual hallucination experienced daily by billions of legitimate operators, in

every nation, by children being taught mathematical concepts ... a graphic representation of data abstracted from the banks of every computer in the human system ” (Bryant, 2001, p. 139). Gibson’s concept of cyberspace is focuses on human perception and the operations of this new environment. Many people perceive cyberspace to be a new concept, however, it is interesting to note that preceding Gibson, almost 40 years earlier, another writer by the name of Norbert Wiener, already introduced the concept of “cyber” in 1948, in his book which featured human interaction with machines (Ottis & Lorents, 2010).

Over the years, there have been many definitions given to the word “cyberspace”. The European Commission defined cyberspace as a virtual space where computers can exchange information, while The United States Department of Defence defined cyberspace as an interdependency of networks of information technology infrastructure which include the Internet, telecommunication networks, computer systems, processors and controllers (as cited in Ottis & Lorents, 2010, p268).

In their study, Ottis and Lorents (2010, p1) defined cyber as a term used to describe anything linked with networks and computers. These authors viewed cyberspace as “a time-dependent set of interconnected information systems with human users interacting with the system”. On the other hand, Lovelock and Wright (2011, p.243), defined cyberspace as “a term used to describe the absence of a definable physical location where electronic transactions or communications occur.” Finally, Peppard et al. (2005) believed cyberspace to be a space full of information, which, although lacking a physical manifestation, took on a shape, look and context of that space based merely on information. Even though the definitions given vary, the basic idea of cyberspace is still the same. In piecing together all the definitions

given by previous researchers, cyberspace is taken to mean the interaction between human users and interconnected information systems that lead to a space for communication on the Internet.

To fully provide a deeper understanding on the concept of cyberspace, Clark (2010) categorised cyberspace into four layers: the people who use cyberspace, the information in cyberspace, the logical building blocks (which include data and database, systems that support the nature of cyberspace), and the physical foundations (which are tangible items used such as: computer hardware, servers and any physical product that connects a computer together). Clark (2010) postulated that cyberspace is created, not by using computer hardware, but rather via interactions between the four aforementioned layers. Bryant (2001), however, sought to differ and concurred that cyberspace consists of two characteristics, includes: firstly, virtual reality, which is the interaction between human beings and computers. Second is the network of computers linked by routers which enable users to communicate, store and receive information. Cyberspace is now, therefore, a new medium for communication that has altered somewhat the traditional way of communications, for example, the use of email to replace conventional letters, fax memos and online text instead of a book. These improved the communication between people in term of the communication speed and time.

Apart from improving communication, cyberspace also has an impact on the conduct of businesses. In a brick and mortar business setting, the buyers and sellers have to gather at a specific location for the purpose of conducting their business transactions. The business transaction can be divided into three stages: proemptive, emptive and abemptive (Essler & Whitaker, 2001).