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Understanding purchase intention of university students towards skin care products

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Cluster of Business and Management, Open University Malaysia, Kuala Lumpur, Malaysia

Abstract

Purpose – The purpose of this paper is to examine the factors which will contribute to consumers’ purchase intention on skin care products. Four factors, namely, brand awareness, brand association, perceived quality and brand loyalty, were included in this study.

Design/methodology/approach – In total, 150 sets of self-administered questionnaires were distributed to students in a local private university in Melaka. Convenience sampling was used and data collected were analysed using SmartPLS to perform the measurement model and structural model.

Findings – Findings have showed that there are positive relationships between brand awareness, brand association, perceived quality and brand loyalty and consumers’ purchase intention towards skin care products. Furthermore, it is concluded that perceived quality is the most significant factor in influencing consumers’ purchase intention.

Originality/value – Firms are able to benefit from this study by formulating their brand management tactics referring to the findings to have competitive advantage over their competitors.

Keywords Brand awareness, Purchase intention, Brand loyalty, Brand association, Perceived quality, Skincare products

Paper type Research paper

Introduction

The cosmetic industry is one of the world’s leading multi-billion-dollar businesses which encompasses a wide array of products, such as cleansers, toners, serum, moisturisers, foundations, compact powders, lipsticks, eyeliners, eyeshadows, blushers and mascaras (Chin and Harizan, 2017). This list continues to become longer as cosmetic companies aggressively launch more up-to-date and enhanced products in the market. The global cosmetics and toiletries industry has grown rapidly thus far. According to Euromonitor International (2016), the total global value for the overall beauty industry in 2016 amounted to $444bn where skincare products dominated the market with market size of

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approximately US$120bn. Allied Market Research (2017) further reported that the global skincare market is expected to reach $179 billion by 2022 with a CAGR of 4.7 per cent from 2016 to 2022. It should also be emphasised that the cosmetics and toiletries industry in Malaysia is currently experiencing rapid growth. According to the Cosmetics and Toiletries Market Overviews 2015 compiled by US Commercial Service Hong Kong, an approximate total of US$407m is spent on Malaysia’s cosmetics and toiletries industry alone. Meanwhile, the total trade volume for personal care and cosmetic products in 2015 was approximately US$2.24bn. It was also found that skincare products had the highest demand among other cosmetic and toiletries products which was worth US$292m for the total import value.

Skincare products are the most popular cosmetics, and they have also become mainstream in the global cosmetic industry. Despite their popularity in the market, previous literature has chiefly focused on cosmetics rather than the skincare products. Accordingly, this research intends to bring light to skincare products. Moreover, due to the rapid expansion and growth of the market in the skincare industry, marketers are confronted with the question of how to boost the sales of skincare products by using brand equity to drive customers’ purchase intention. Thus, it is pivotal for marketers to comprehend the extent to which brand equity dimension will generate the intention to purchase so that relevant strategies can be formulated to improve their performance accordingly. Despite empirical evidences which suggested a positive correlation between brand equity and purchase intention in different contexts (Ashill and Sinha, 2004; Chang and Liu, 2009), the effect of Aaker’s brand equity dimensions on purchase intention is still not widely addressed (Jalilvand et al., 2011).

In sum, this study aims to investigate the effect of Aaker’s brand equity dimensions, namely, brand awareness, brand association, perceived quality and brand loyalty on consumers’ purchase intention towards skincare products.

**Literature review**

*Purchase intention*

Purchase intention refers to an individual’s likeliness to acquire a certain product, and it is also a crucial aspect in measuring consumer behaviour (Fishbein and Ajzen, 1977). Blackwell et al. (2001) have defined purchase intention as “what we think we will buy.” Accordingly, purchase intention can be used to quantify the tendency of a consumer to buy a product, and the relationship between these two components is such that the stronger the purchase intention, the greater a consumer’s desire to purchase a product (Dodds et al., 1991; Schiffman and Kanuk, 2000).

Engel et al. (1995) outlined that there are three types of purchase intention, namely, unintended purchase, partially intended purchase and fully intended purchase. Unplanned or unintended purchase is considered as an impulse purchase where it involves the instantaneous decision made in a store to purchase a product category or a brand. In partially planned purchase, consumers would choose a product category and the basis prior to purchasing a product and only decide on the brands and types later in the store. Contrastingly, fully planned purchase implies that consumers make a decision on the products and brands to purchase even before entering the store. It should be noted that these three types of purchasing behaviour may be affected by the level of awareness and the strength of the brand image. Additionally, Kotler (2003) suggested that purchase intention can also be influenced by an individual’s feelings and impulsive situation. While an individual’s feelings involve personal preference, impulsive situations refer to the circumstances that alter the purchase intention.
According to Kimery and McCord (2002), measuring consumers’ buying behaviour is not fairly straightforward; hence, their buying behaviour is typically assessed using purchase intention. Zeithaml (1988) applied the options of “possible to buy”, “intended to buy”, and “considered to buy” to measure purchase intention. Meanwhile, four items have been outlined by Mathur (1999) for the purpose of evaluating purchase intention. These items were “I would purchase from this brand”, “I would completely consider purchasing from this brand”, “I would hope to purchase from this brand”, and “I would totally plan to purchase from this brand”.

**Brand awareness**

As per Aaker (1991), brand awareness is defined as the likelihood that a potential buyer can recognise the brand as a member of a certain product category. Aaker (1991) also suggested that brand awareness encompasses several levels extending from mere brand recognition to brand dominance which would result in the ultimate situation where the brand included is the main brand recalled by a consumer. Furthermore, brand awareness is identified as people’s perception about a brand which incorporates all prescriptive and descriptive elements pertaining to it (Li, 2004). Brand awareness has also be considered as the source of value creation for consumers (Aaker, 1992a, 1992b) Moreover, a brand with a strong level of brand awareness denotes that it possesses a good reputation in the market and is simply acceptable to consumers (Gustafson and Chabot, 2007). It is also significant to highlight that brand awareness is associated with the strength of brands in consumers’ minds such that brand awareness can be enhanced by firms in promoting their products to consumers (Kim and Kim, 2005). Additionally, continuous visibility alongside reinforcement of familiarity and impressive associations with related offerings and buying experiences can further generate brand awareness (Keller, 1998).

Keller (1993) has conceptualised brand awareness into brand recognition and brand recall. Brand recognition characterises the extent to which consumers are able to recognise the brand as having been seen or heard previously when the brand is cued. Meanwhile, brand recall pertains to the degree in which the brand is generated from memory when clues such as product category or needs fulfilled by the category are presented as a cue. It should be emphasised that the significance of brand recognition and brand recall relies on whether product decisions are made inside or outside the store. Keller (1993) further contended that brand recognition is more crucial than brand recall when making product choices in the store. Alternatively, Hoeflfler and Keller (2002) classified brand awareness into two dimensions, namely, depth and breadth. While the depth of brand awareness signifies the tendency of consumers recalling or recognising the brand when need arises, breadth refers to the consumers’ likeliness to think of the various settings where the consumption and buying situations can occur. Hoeflfler and Keller (2002) also asserted that both the depth and breadth of brand awareness are equally crucial.

In their research, MacDonald and Sharp (2000) suggested that brand awareness affects consumer decision in three ways. First, brand awareness raises the chance for the brand to be included in the consideration set. Second, brand awareness can be employed as a heuristics to make a purchase decision. It has been discovered that consumers typically use heuristics such as purchasing the brand they have heard of, choosing the brand they know, and buying only the brands that are popular and familiar to them (Keller, 1993). Third, brand awareness controls customers’ decision-making by influencing the perception of quality (MacDonald and Sharp, 2000). According to Keller (2003), brand awareness offers three advantages to the consumer decision-making process, namely, learning advantages, consideration advantages and choice advantages. It was also found that consumers rely on
brand awareness rather than brand reputation when choosing a brand among other products of the same reputation (Brewer and Zhao, 2010).

In earlier research, Hoyer and Brown (1990) have discovered the connection between purchase decision and brand awareness. Brand awareness can function as an indication of quality and commitment, providing customers with a chance to familiarise with a brand and subsequently assist them in considering the brand at the moment of purchase (Aaker, 1991). A popular brand is more likely to be recognised and distinguished from other competitors and will have higher purchase intention compared to another brand with lower awareness (Aaker, 1991; Dodds et al., 1991; Percy and Rossiter, 1992). Brand awareness is also critical in affecting consumer perceived risk and consumers’ level of assurance about their own buying decision. Besides, more recent studies have suggested a similarly significant relationship between brand awareness and purchase intention (Hakala et al., 2012; Malik et al., 2013). Based on the discussion above, the first hypothesis is derived as follows:

HI. Brand awareness has a positive influence on consumers’ purchase intention towards skincare products.

Brand association
Brand association represents any element that is identified with the preference of a brand (Aaker, 1991; Keller, 1993). Alternatively, Emari et al. (2012) defined brand association as positive or negative information pertaining a brand that is in consumers’ mind, i.e. a part that is connected to the node of the brain memory. It has also been contended that brand associations encompass all brand-related thoughts, feelings, perceptions, smells, colours, music, pictures, experiences, beliefs and attitudes (Kotler and Keller, 2006, p. 188). According to Keller (1998), brand association can be made through the association with attitudes, attributes and benefits.

Furthermore, free association can be used to profile brand association by asking subjects what comes to mind when they think of a brand without offering them any cues except for the associated product category. Biel (1991) asserted that these elements in brand association help to establish a brand image, i.e. the perception or emotion that consumers attach to a brand (Dobni and Zinkhan, 1990). Evans et al. (2006) claimed that brand image comprises of the functional and symbolic brand. This classification was produced according to the notion that customers purchase not only the products but also the image associated with the items, such as power, wealth, sophistication and, most importantly, identification and connection with other users of the brand.

Additionally, Aaker (1991) discovered that brand associations do offer some benefits to consumers by assisting them to process or retrieve information, differentiating the brand, creating positive attitudes or feelings among consumers, and generating reasons to purchase the brand. Brand association also creates values for a brand by providing a basis for extensions. It was also suggested that brand association is one of the brand equity dimensions (Aaker, 1991), and it can offer a differential advantage to a brand (Rio et al., 2001). Also, Van Osselaer and Janiszewski (2001) asserted that brand association serves as an information collecting tool in performing brand differentiation and brand extension (Aaker, 1996). It was argued that highly effective association facilitates the enhancement of brand and equity (James, 2005). Likewise, brand association assists firms in differentiating and positioning their products as well as creating positive attitudes and beliefs towards the brands (Hal Dean, 2004).

Rio et al. (2001) suggested that brand associations are a crucial component in the formation and management of brand equity. This argument is supported by Bridges et al. (2000) who have contended that solid, positive associations assist in strengthening brand
and the equity. These claims signify that a strong brand association will produce higher brand equity. It was also found that brand association acts as the foundation for purchase decision and brand loyalty (Aaker, 1991) and similarly, brand association has been declared as a crucial element that influences purchase intention (O'Cass and Lim, 2002). Moreover, O'Cass and Grace (2003) discovered that brand association has a meaningful effect on attitude and purchase intention. Thus, it is further hypothesised that:

**H2.** Brand association has a positive influence on consumers’ purchase intention towards skincare products.

**Perceived quality**
Zeithaml (1988) described that perceived quality is not the real quality of products or services. Alternatively, it is identified as the customers’ general viewpoint towards the products or services of a brand. This argument is supported by Bhuian’s (1997) definition of perceived quality as the consumer’s judgement on the added values of a product. According to Aaker (1991), positive perceived quality can impact customers’ choices, drive consumer purchase decision, facilitate differentiation of brand, enable the execution of brand extension and allow firms to set premium price. Perceived quality is also associated with corporate profitability (Aaker, 1991).

Furthermore, Aaker (1991) expressed that perceived quality is not simply brand association; it is significantly linked to the brand’s status, rendering it as another dimension to measure brand equity. Many studies have also justified that perceived quality is measured as an essential dimension for brand equity across various frameworks (Dyson et al., 1996; Farquhar, 1989; Keller, 1993; Erdem et al., 2004). Moreover, Yoo et al. (2000) reported that positive perceived quality will boost brand equity considering that it can improve the brand’s competitive advantage.

In addition, Jones et al. (2002) contended that perceived quality is positively correlated with purchase intention, and this view is supported by more recent research on the influence of brand equity on consumer choice on branded bottled water (Njuguna, 2014). It was found that perceived quality is positively related to consumer decision. Hence, the following hypothesis is proposed:

**H3.** Perceived quality has a positive influence on consumers’ purchase intention towards skincare products.

**Brand loyalty**
Brand loyalty is defined by Aaker (1991) as a circumstance which displays the tendency of consumers to switch to another brand, particularly when the brand makes a change in price or product features. Oliver (1997) characterised brand loyalty as a sense of commitment to constantly repurchase or repatronise a favoured product or service in the future, regardless of any marketing tactics or situational influences that may act upon switching behaviour. Brand loyalty also implies a situation where consumers with the same past and future purchase recommend others to purchase or they themselves have the intention to purchase more (Aaker, 1992a, 1992b; Keller, 2003). Moreover, brand loyalty represents the attitude of brand preference towards a product (Deighton et al., 1994). Meanwhile, Keller (2003) illustrated brand loyalty in terms of the relationship and relatedness between consumers and a brand; consumers with stronger brand loyalty are claimed to have higher “brand resonance”. Assael (1998) described brand loyalty as consumers fulfilling their past
experiences with the same brand which further leads to repeat purchase. Thus, brand loyalty simply denotes that consumers will stick to one brand and not consider other brands when making a purchase (Baldinger and Rubinson, 1996; Cavero and Cebollada, 1998).

Brand loyalty can be understood according to three perspectives, namely behavioural, attitudinal, and choice perspectives (Javalgi and Moberg, 1997). Behavioural perspective pertains to the number of purchases for a certain brand; attitudinal perspective is associated with consumer preference and dispositions towards a brand; choice perspective emphasises on the reasons of certain purchases or choices are made. Contrastingly, Oliver (1997) focused chiefly on the behavioural dimension of brand loyalty, whereas Rossiter and Percy (1987) contended that brand loyalty is frequently represented by a positive attitude towards a brand as well as the constant repeat purchase of the same brand. According to the behavioural perspective, Schoell et al. (1990) claimed that brand loyalty refers to the tendency of a buying unit, such as a household to purchase the same brand in a product category over a prescribed period. It is also crucial to discuss brand loyalty based on the attitudinal outlook where it is conceptualised as the extent of deeply held commitment regarding some unique values that are related to the brand (Chaudhuri and Holbrook, 2001). Similarly, Oliver (1997) regarded brand loyalty as the ability for consumers to remain loyal to the main brand. This behaviour can be reflected by consumers’ intention to purchase the brand as their first choice despite the marketing efforts of other brands. It was further suggested by Baldinger and Rubinson (1996) that real brand loyalty can only occur when both behavioural and attitudinal elements are present. If consumers are only motivated by either one of these factors, it is considered as false brand loyalty.

Travis (2000) claimed that brand loyalty is “the ultimate objective and meaning of brand equity”; hence, it is considered to be equal to brand equity. Empirical evidence from Solomon and Stuart’s (2009) research supported this claim as it was discovered that purchase decision that is based on loyalty might become a habit which results in brand equity. In addition, Aaker (1991) described brand loyalty as consumers’ mentality toward a brand that drives them to consistently purchase the same brand. Yoo et al. (2000) also claimed that brand loyalty has the ability to influence consumer choice to buy the same product or brand and cease to switch to other brands. Moreover, without making any evaluation, the brand-loyal consumers will simply purchase the brand unquestionably based on prior experiences (Yee and Sidek, 2008), implying that brand loyalty can consequently increase consumers’ purchase intention (Malik et al., 2013). This finding was supported by the empirical research conducted by Khan et al. (2015) in investigating the relationship between brand equity dimensions and the effect of each dimension on Malaysian consumers’ purchase intention in the fashion industry. The outcomes of this study revealed that brand loyalty is the most prominent dimension that influences purchase intention. Therefore, the fourth hypothesis is formulated as follows:

\[ H4. \text{ Brand loyalty has a positive influence on consumers’ purchase intention towards skincare products.} \]

**Research methodology**

It is generally acknowledged that the younger generation is image-driven, and they emphasise more on materialistic values, such as money, self-image, and fame (Healy, 2012) (Figure 1). This connotation is perhaps the key reason why the skincare industry is on the rise globally. With regard to the methodology, a total of 150 university students in Melaka, Malaysia, was recruited to examine young consumers’ behaviour towards skincare products in this country. The current study has also employed non-probability convenience sampling
and data was collected using questionnaires that comprised of close-ended questions. Convenience sampling was especially selected because they are easily accessible to researchers (Sekaran and Bougie, 2013). This approach is typically used in exploratory studies as it is not time-consuming nor is it costly in the selection process of a random research sample. More importantly, this sampling technique was chosen because it has been used extensively in many of the similar literature (Ahmad and Sherwani, 2015; Mahfooz, 2015; Khan et al., 2015; Malik et al., 2013). Additionally, the questionnaire was designed to address the data ranging from respondents’ demographic information to all independent and dependent variables of this study. Measurement for all the variables was designed in five-point Likert scale with 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree. The data were further analysed using SmartPLS to perform the measurement model and the structural model.

**Results and discussion**

**Respondents’ profile**
Table I illustrates that most of the respondents were mainly female (74.7 per cent) within the age group of 18 to 21 years old (61.3 per cent) and the majority of the participants were Chinese participants (86.7 per cent). It was also discovered that in the span of one year, the respondents mostly spend RM51 to RM100 (30.7 per cent) on skincare products in addition to purchasing them three to four times (34 per cent).

**Measurement model**
The measurement model was evaluated through convergent validity and discriminant validity. The convergent validity was verified by the factor loadings, average variance extracted (AVE), and construct reliability (CR), with a minimum value of 0.7, 0.5 and 0.7 respectively (Hair et al., 2017). It is presented in Table II that the standardised loading factor was greater than 0.7 except for awareness with a standardised factor loading of less than 0.5 which was then deleted. It was also recorded that the AVE obtained were in between 0.691 and 0.879. Similarly, the CR items were within the range of 0.930 to 0.956 (Hair et al., 2017). The convergent validity of these constructs is thus deemed adequate.

Fornell and Larcker (1981) criterion and Heterotrait-monotrait (HTMT) criterion (Henseler et al., 2015) were used to assess discriminant validity. Fornell and Larcker (1981) criterion was examined by comparing the square root of the AVE with the correlations between the constructs. As displayed in Table III, all square roots of AVE (diagonal values) are more than the correlation coefficients between the constructs (off-diagonal values),
suggesting that discriminant validity is adequate. In contrast, HTMT can be assessed by comparing the values obtained with the required threshold of HTMT_{.85} (Kline, 2011) or HTMT_{.90} (Gold et al., 2001) and HTMT_{inference} did not contain value 1. Table IV illustrated that all values passed HTMT_{.90} and the HTMT_{inference} criterion indicating that discriminant validity is established. It was further discovered that the collinearity problem did not exist with all the VIF values for independent variables were less than 5 as shown in Table V (Hair et al., 2017).

**Structural model**

Figure 2 demonstrates the structural model that was performed using a bootstrapping procedure with a resample of 5,000 based on the suggestion made by Hair et al. (2017). The results revealed that the $R^2$ value for purchase intention was 0.697 where it correlated with Chin’s (1998) guideline where a model is classified as being substantial (0.67), moderate (0.33), and weak (0.19). All paths tested in the structural model were significant with the $t$-values of $H1$ and $H2$ greater than the critical value of 1.6649, while the $t$-values for $H3$ and $H4$ were greater than 2.3263. Furthermore, the standardised beta obtained were 0.224 (brand association), 0.208 (brand awareness), 0.178 (brand loyalty) and 0.295 (perceived quality). It was further discovered that all variables tested have a positive effect on purchase intention.

Additionally, all effect sizes ($f^2$) were greater than 0.02 in this study (Cohen, 1988). A blindfolding procedure was used to assess the predictive relevance with $Q^2$ value of 0.573. It should also be noted that a model is said to have predictive relevance for a particular endogenous construct when $Q^2$ is greater than 0 (Hair et al., 2017).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
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<td><strong>Gender</strong></td>
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<tr>
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<tr>
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<tr>
<td>RM0-RM50</td>
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<td>RM51-RM100</td>
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<td>Above RM200</td>
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<td><strong>Yearly purchase frequency of skin care product</strong></td>
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<td>5-6 times</td>
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<td>More than 6 times</td>
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Table I. Respondents’ profile
### Table II. Measurement model

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<td>association3</td>
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</tr>
<tr>
<td></td>
<td>perceived3</td>
<td>0.925</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>perceived4</td>
<td>0.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase intention</td>
<td>purchase1</td>
<td>0.928</td>
<td>0.956</td>
<td>0.879</td>
</tr>
<tr>
<td></td>
<td>purchase2</td>
<td>0.957</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>purchase3</td>
<td>0.927</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Values on the diagonal (italic) represent the square root of the AVE, while the off-diagonals represent correlations.

### Table III. Discriminant validity using Fornell–Larcker criterion

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brand association</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Brand awareness</td>
<td>0.789</td>
<td>0.831</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3. Brand loyalty</td>
<td>0.778</td>
<td>0.773</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Perceived quality</td>
<td>0.822</td>
<td>0.822</td>
<td>0.780</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>5. Purchase intention</td>
<td>0.770</td>
<td>0.765</td>
<td>0.744</td>
<td>0.789</td>
<td>0.938</td>
</tr>
</tbody>
</table>

### Table IV. Discriminant validity using HTMT criterion

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brand association</td>
<td>0.849</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Brand awareness</td>
<td>0.823</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Brand loyalty</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Perceived quality</td>
<td>0.822</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Purchase intention</td>
<td>0.770</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Relationship</td>
<td>Std. beta</td>
<td>Std. error</td>
<td>t-value</td>
<td>Decision</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------</td>
<td>-----------</td>
<td>------------</td>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>H1</strong></td>
<td>Brand association → Purchase intention</td>
<td>0.224</td>
<td>0.125</td>
<td>1.798*</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2</strong></td>
<td>Brand awareness → Purchase intention</td>
<td>0.208</td>
<td>0.121</td>
<td>1.714*</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H3</strong></td>
<td>Brand loyalty → Purchase intention</td>
<td>0.178</td>
<td>0.076</td>
<td>2.343**</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H4</strong></td>
<td>Perceived quality → Purchase intention</td>
<td>0.295</td>
<td>0.103</td>
<td>2.869**</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Notes: **$p < 0.01$, *$p < 0.05$**
The results revealed that brand awareness has a positive influence on consumers’ purchase intention and this particular finding is consistent with other research which previously confirmed the association between brand awareness and purchase intention (Njuguna, 2014; Hakala et al., 2012; Malik et al., 2013). According to Rossiter and Percy (1987), both communication and transaction will not occur if there is no brand awareness. It has also been reported that brand awareness will influence purchase intention as it raises the chance for the brand to be included in the consideration set (Keller, 1993). When consumers have awareness about a brand, they can easily recall some of the characteristics of the brand. Accordingly, during the decision-making process on purchasing certain product category, the ability to recall the brand as the member of the product category will increase the probability for it to be included in the consideration set. Brand awareness can also be used as a heuristic in making a purchase decision; a popular brand is more likely to be recognised and distinguished from competitors and will have higher purchase intention compared to the brand with low awareness (Aaker, 1991; Dodds et al., 1991; Percy and Rossiter, 1992). Furthermore, brand awareness impacts customer decision making by affecting the perception of quality (MacDonald and Sharp, 2000). Marketing communication tools can generate brand awareness effectively as they provide assurance of product quality and credibility which subsequently helps diminish product evaluation and selection risks when purchasing a product (Aaker, 1996; Buil et al., 2013; Keller and Lehmann, 2003; Rubio et al., 2014). Hence, it can be deduced that brand awareness is a factor that has a significant influence on consumers’ purchase intention.

Brand association has also been proven to have a positive relationship with consumers’ purchase intention (Perera and Dissanayake, 2013; Roozy et al., 2014). Brand association
consists of all brand-related elements which function to help consumers establish either positive or negative brand image. It is argued that when buying a product, consumers are simultaneously purchasing the image associated with it (Evans et al., 2006). Meanwhile, Aaker (1991) stated that brand association offers some benefits to consumers by assisting them to process or retrieve information, differentiating the brand, creating positive attitudes or feelings among consumers, and generating reasons to purchase the brand. Brand association will generate either a positive or negative brand image which affects the relationship consumers establish with the brand in terms of emotional and perceptible attachment, consequently influencing consumers’ purchase intention. Therefore, it is crucial for firms to formulate relevant strategies in ensuring that their customers will have a positive brand association.

The current study has also discovered that perceived quality has a positive relationship with consumers’ purchase intention and this result correlates with that of previous research, i.e. perceived quality has a significant effect on consumers’ purchase intention (Saleem et al., 2015; Asshidin et al., 2016; Eze et al., 2012). Positive perceived quality can impact customers’ choices, drive consumer purchase decision, allow firms to set premium price, and enable the differentiation of brand as well as the execution of brand extension. Aaker’s (1991) study found that quality is the most critical criterion when making choices. Previous literature also justified that perceived quality is considered as an essential dimension for brand equity across various frameworks (Dyson et al., 1996; Farquhar, 1989; Keller, 1993) as perceived quality strategically affects brand equity by diminishing the perceived risk (Aaker, 1991; Erdem et al., 2004; Keller, 1993). Moreover, Yoo (2000) noted that positive perceived quality will boost brand equity considering that perceived quality is part of the brand equity which causes consumers to choose the particular brand over the competitors’ brand. Hence, firms must be able to establish the perceived quality attributes that are significant to both the industry and the consumers. It is also vital for firms to determine the cues and signals that are available for perceived quality as product quality is often judged according to the wide range of information cues that are retrieved from the product.

The present study further discovered that brand loyalty has a positive relationship with consumers’ purchase intention, correlating with previous research which has suggested that brand loyalty has a significant influence on purchase intention (Malik et al., 2013; Roozy et al., 2014; Khan et al., 2015). As per Yoo et al. (2000), brand-loyal consumers will choose to buy the same product or brand and cease to switch to other brands. Despite the marketing tactics or situational influences that may act upon switching behaviour, brand-loyal consumers have a sense of commitment to constantly repurchase or repatronise a favoured brand, product or service in the future (Oliver, 1997). These consumers will not assess the brand; instead, they will purchase it unquestionably based on past experiences with the brand (Yee and Sidek, 2008). It was also found that loyal customers will purchase more frequently compared to their non-loyal counterparts (Bowen and Shoemaker, 1998). In short, loyal consumers will choose to buy the same brand persistently and cease to switch to other brands. Consequently, the consumers would agree to pay a premium price for the brand in addition to making brand recommendations to new consumers. Thus, firms should retain consumers’ brand loyalty by constantly improving their brand management strategy.

Implications
This research provides several benefits for future studies. First, this study is one of the academic works that discovers a positive correlation between brand awareness, brand association, perceived quality, brand loyalty and purchase intention. Although there have been similar papers that discussed the impact of brand equity components on consumers’
purchase intention, the investigation on the skincare industry is still sparse. Therefore, the current study specifically aims to provide a better understanding of the effect of these brand equity components on consumers’ purchase intention in the skincare industry.

The overview of the current situation in the skincare industry was also addressed in this study, making it a useful reference or data guideline for the forthcoming research. Besides, the present paper has also elaborated on the relevant information pertaining to the current market trends and market size as well as consumers’ purchase intention in the skincare industry.

Furthermore, this research has presented comprehensive charts and statistics that enable researches to compare and contrast the market trends and economic situation of different countries and generations. Disparities in consumer behaviour and preferences of different generations can also be evaluated in further details.

As no study is totally perfect such that some missing elements or unresolved problems may be present in existing literature, the gaps in academic research should be addressed by more up-to-date papers. Hence, this study contributes to the field of knowledge on consumers’ purchase intention in the skincare industry by adding insightful input and providing a deeper understanding of the existing studies.

It should be emphasised that in the current highly competitive skincare industry, strong brand management becomes a vital step in securing a huge market share. Thus, based on the outcomes of this study, firms are able to recognise the significance of the four brand equity components on consumers’ purchase intention. The present research further provides firms with an understanding of the market trend and consumer preferences. In this fast-paced competitive skincare industry, it is important for firms to move along with the current trend and consumer preferences in constructing effective and efficient marketing mixes that fulfil the consumers’ needs and wants. Accordingly, the paper is able to facilitate firms in increasing their sales and market share by offering the right brand features that stimulate consumers’ purchasing behaviour.

The findings above may also provide insights to those who are interested in investing in the skincare industry. Marketers will be able to formulate a proper marketing strategy to delve into the highly competitive yet profitable skincare industry.

**Limitations and future recommendations**

Several limitations of this study are outlined as follows. First, the adoption of non-probability convenience sampling may result in the under-representation of the population being studied. This method also limits the generalisability and representativeness of the sample as a whole population.

As this research mainly focuses on skincare industry *per se*, the findings are limited only to explaining the nature of this industry. The results cannot be generalised to other industries as each industry has differing consumers’ trends and preferences.

There is also a lack of diversity in the background of respondents. Of the majority of the respondents in this study were Chinese and female respondents were more than their male counterparts. Thus, this lack of diversity in ethnicity and gender may affect the results considering that respondents of different ethnicity and gender may have different purchasing behaviour based on their preferences, needs, and attention when making a purchase decision.

Several recommendations are presented for upcoming research related to this topic. First, future studies are advised to employ a probability sampling method in evaluating the consumers’ purchase intention towards skincare products. This sampling method provides
equal and known chances to all elements in the intended population to be chosen as a sample, generating a more accurate representation of the population.

Furthermore, as this research only focuses on skincare industry, similar empirical investigation can be carried out to explore other industries, such as clothing, services, food and beverages, and fast moving consumer goods. This further exploration will contribute to a deeper understanding of the significance of brand equity elements on consumers' purchase intention towards different industries.

The present research only focused on the response of university students within the age range of 18 to above 25 years old. Hence, forthcoming research can delve into a wider age group so that the effect of age groups on the purchase intention of skincare products can be evaluated.

Lastly, as this research comprised of more Chinese females, future studies should consider to include more respondents of other ethnicity and also recruit more male respondents. These factors will contribute to producing a more convincing outcome that can generalise the whole university students' population.

Conclusion
It has been revealed that all four variables tested in this study have a positive influence on university students' purchase intention. Specifically, perceived quality was discovered to be the most significant element in affecting consumers' purchase intention towards skincare products. Hence, it is evident that firms must establish the perceived quality attributes that are essential to both the industry and the consumers so that competitive advantage can be obtained over the competitors. Nevertheless, the important roles played by the rest of the factors should not be ignored. Brand association helps consumers to produce a positive or negative brand image which subsequently affects the relationship consumers have established with the brand, further influencing consumers' purchase intention. Brand awareness is equally crucial because any communication and transaction will not happen if there is no brand awareness. Firms should also preserve consumers' brand loyalty as loyal customers will constantly repurchase the same brand and will not switch to another brand. Loyal customers are also more willing to pay a premium price for the brand and may further recommend the brand to new consumers, producing a significant impact on purchase intention towards the brand. In conclusion, with the increasingly intense competition in the skincare industry, consumers' behaviour, preference, and needs must be identified and understood to design products that will constantly satisfy consumers. Building a strong brand undoubtedly becomes a pivotal step to combat the competitions and to stand out from the crowd.

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**Further reading**


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Security perception in the adoption of mobile payment and the moderating effect of gender

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Hajee Mohammad Danesh Science and Technology University, Dinajpur, Bangladesh

Abstract
Purpose – The mobile payment system has changed payment patterns and has the potential to improve people’s quality of life and increase the bank’s efficiency. In return, the risks and trust factors inevitably led to increased challenges and become a major concern in the adoption of mobile payment service. Yet, little is known about how risk and trust factors can affect the adoption of mobile payment. Hence, this paper aims to come into contact to solve these issues in the context.

Design/methodology/approach – A comprehensive research model that reflects the customer satisfaction and loyalty to the adoption of mobile payment services is developed and empirically tested using exploratory and confirmatory factor analysis and structural equation modeling.

Findings – Findings reveal that the perceived risk has a significant negative impact on perceived trust and customer satisfaction. Perceived trust is the most important variable in building customer satisfaction, and customer satisfaction is the reasonable predictor of customer loyalty. In addition, gender differences moderate the adoption of the mobile payment service.

Originality/value – The results of the study hold several implications for scholars in the field of technology adoption on financial transactions and offer valuable managerial insights to design their mobile payment adoption strategies to pursue greater acceptance and diffusion of this new payment system.

Keywords Satisfaction, Perceived risk, Perceived trust, Loyalty

Paper type Research paper

1. Introduction
The invention of mobile technologies makes life ever more comfortable and brings persistent benefits to businesses to reach the customer’s premises. Personalized information, individualized use and feedbacks from subscribers make the mobile instrument superior. The uses of smartphones for payment are becoming more common and will continue to flourish in the future. This mobile payment comprises the use of Web pages or apps to make purchases on one’s mobile phone, tablet or even make a payment using near-field communications. Mobile payment systems are becoming the core of effective e-commerce and its annual growth is 20 per cent worldwide and 30 per cent in emerging markets (Reportlinker, 2016). These trends demonstrate the significances of these markets that work as a motivator for this study. A significant number of people still prefer cash payment over
e-commerce, this would be a great area of research from the perspective of emerging economies such as Bangladesh. Indeed, in the emerging country, nearly 82 per cent of total transactions are still done by physical cash (Sokołowska, 2015).

The purpose of the study is to recognize how consumers are integrating mobile payment systems into their daily lives and how they perceive the trust and risks that influence their usage pattern. As an alternative payment method, electronic payment systems have failed to be accepted because of lack of complete trust and risk perception (Zhou, 2013; Dahlberg et al., 2015). When the mobile phone is used for payments in physical stores, trust issues appear with purchase anxiety and psychological model challenges (Hillman and Neustaedter, 2017). In addition, Rouibah et al. (2016) have quantified that the risk perception of the online payment method is neutralized by the trust and pleasure of the customers. In addition, prior researches show that respondent’s demographics, like gender, play a useful moderating role in shaping their behavioral intentions. Gender variance exists between men and women due to the biological, behavioral, cognitive and social issues (Sun et al., 2010), and has a significant impact on the adoption of mobile payment (Rouibah et al., 2016).

Therefore, this study takes into account customer security constructs (e.g. perceived trust and perceived risk) to investigate the customer’s behavioral intention toward mobile payment. The security issue remains a fundamental and restrictive concern for electronic payment (Bast, 2011). As a result, perceived risk and perceived trust are seen as an important aspect in the adoption of mobile payment systems. Based on the comprehensive analysis, this study aims to demonstrate the antecedents of risks and trusts on the relationship between customer satisfaction and loyalty. In addition, this study extensively examines the gender differences in the proposed relationships.

Section 2 reviews the theoretical framework and develops hypotheses to propose a conceptual model. Sections 3 and 4 then explain the research methodology and empirical results, respectively before discussions and conclusions in Sections 5 and 6, respectively.

2. Theoretical framework
Customer loyalty is the desire to buy the same products or services on an ongoing basis (Samad, 2014; Aktepe et al., 2015). This is important for both the customers and service providers. Loyal customers are ready to repurchase the anticipated products from the same suppliers that create overall value for suppliers. Because of the constant increase in competition, each supplier needs loyal customer base since there is already a wide range of innovative alternatives in the market (Aktepe et al., 2015; Chang, 2015; Ammari and Bilghihan, 2017). The consequent increase in the seller’s revenue is directly affected by customer loyalty (Santouridis and Trivellas, 2010). Samad (2014) states that as loyal customers tend to repurchase from the same companies, therefore, almost all companies focus more on building loyalty among existing customers than on searching new potential ones. Moreover, retaining the existing customer is cost effective than targeting new one (Samad, 2014). In this regard, building customer confidence and eliminating the fear of risk are rational to keep the existing customers in the same sellers, affecting the long-term growth of the company. Figure 1 shows the conceptual research model of this study.

Privacy and security concerns in mobile payment systems influence consumer attitudes (Akturan and Tezcan, 2012; Mohammadi, 2015). The fear of risk arises during technological transactions, because the absence of human contact. Perceive risk generally appears as the predecessor of the perceived usefulness of a precise performance due to the use of particular systems (Mohammadi, 2015). Risk perception combines threefold of risk associations, such as the use of personal information without the permission of the owner (Akturan and Tezcan, 2012), the transfer of money to other parities without knowledge and authorization
Akturan and Tezcan, 2012; Hanafizadeh et al., 2014) and the vulnerability of mobile technologies to hackers, viruses, and information interception (Zhou, 2013). Tho et al. (2017) point out that perceived risk has a negative impact on the repurchase intention. In addition, perceived risks, security and trust have a significant effect on consumer behavioral intention (Rouibah et al., 2016; Khalilzadeh et al., 2017). Perception of risk has a substantial negative impact on trust (Al-Gahtani, 2011) and consumer intention (Khalilzadeh et al., 2017). Therefore, this study assumes that the higher the perceived risk, the lower the perceived trust, which results in a lower degree of positive attitude toward payment systems, and proposes the following hypotheses:

**H1.** Perceived risk has a significant negative effect on (H1a) perceived trust, (H1b) customer satisfaction and (H1c) customer loyalty regarding mobile payment.

Trust refers to the exchange relationship with the customer and seller (Wang et al., 2015). It is a foundation of relationship among the participating parties. Trust becomes an important factor for the consumer to building confidence with an exchange partner (Li and Yeh, 2010). In the mobile payment phenomena, consumers need to trust on the payment systems. According to Zhou (2013), consumers are worried about the security of payment due to viruses, which decreases their trust in mobile payment that can affect intention and usage behavior. If there is no trust between customer and e-commerce, there is no use of this technological use that leads to a low degree of customer satisfaction and loyalty. Trust becomes the ideal strategy for dealing with uncertainty and ambiguity in the future. Furthermore, trust and enjoyment become the dominant drivers of online payment that offset the risk perceptions (Rouibah et al., 2016). Trust is therefore the important factor affecting mobile payment, accordingly, the following hypotheses are proposed:

**H2.** Perceived trust has a significant positive effect on (H2a) customer satisfaction and (H2b) customer loyalty.

Satisfaction is the general evaluation of the product by the customer, whether or not, the product meets the needs and desires of the customer (Hossain et al., 2018). Customer satisfaction is based on the concept of satisfying one’s needs and expectations to build loyalty and is a prerequisite for future purchases. Scholars have long been recognized that customer loyalty is very critical to the success of any business (Bowen and McCain, 2015). To achieve the organizational objective in the competitive market, customer satisfaction and loyalty become the strategic objectives set by many organizations. Customer satisfaction has a positive impact on customer loyalty (Ram and Wu, 2016) and future usage intention (Hossain et al., 2018). Customer satisfaction has been treated as a fundamental factor affecting customer loyalty and satisfied customers are more likely to make the same
purchasing decision (Hossain et al., 2018). In addition, satisfaction with the loyalty base is the determining factor for a satisfactory association and customer retention (Aghdaie et al., 2015; Ammari and Bilgihan, 2017). Satisfaction is therefore the dominant factor affecting customer loyalty, accordingly, the following hypothesis is proposed:

\[ H3. \text{ Customer satisfaction has a significant positive effect on customer loyalty} \]

Moreover, gender is considered a critical moderator variable in examining the behavioral intentions of mobile payment. Gender refers to the social paradigm of getting to know men and women with specific physical characteristics such as individual values, attitudes, roles and behavior (Palan, 2001). Gender variances exist between male and female due to the biological, behavioral, cognitive and social cause (Sun et al., 2010). In addition, gender has a long and significant consideration in the adoption of mobile payment (Rouibah et al., 2016). Men can interact better with technology (Anderson, 1996) and have more positive attitude toward computers than women (Korukonda, 2005). Women often like to relate a product on their precise level where as men may tend to read the product information in details (Fisher and Dube, 2005). Perceived trust in mobile banking is extensively predicted by gender (Malaquias and Hwang, 2016). Studies on the adoption of information technology also use gender as a moderation variable (Sun et al., 2010; Malaquias and Hwang, 2016; Rouibah et al., 2016). Therefore, this study proposes that male customers respond more positively than female in terms of mobile payment; hence, following hypothesis are suggested:

\[ H4. \text{ The effect of perceived risk on } (H4a) \text{ perceived trust, } (H4b) \text{ customer satisfaction} \]
\[ \text{ and } (H4c) \text{ customer loyalty are greater for females than for males in mobile payment.} \]

\[ H5. \text{ The effect of perceived trust on } (H5a) \text{ customer satisfaction and } (H5b) \text{ customer loyalty are greater for females than for males in mobile payment.} \]

\[ H6. \text{ The effect of customer satisfaction on customer loyalty is greater for females than for males in mobile payment.} \]

3. Research methodology

To validate the research model and test the hypothetical paths, a self-administered questionnaire is developed, which consists of questions about perceived risk, perceived trust, customer satisfaction and loyalty. The questionnaire items used to measure the construct are drawn from previous studies so that the researcher can align the final questionnaire with the context of mobile payment. Perceived risk and trust measures are adopted and modified form the study of Kim et al. (2010) and Rouibah et al. (2016). In addition, customer satisfaction and loyalty measures are adopted from Kim et al. (2010) and Yuan et al. (2014). All of the items are measured on a Five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Present study operationalized all the measurement constructs as a reflective construct.

Pre-test and pilot test were conducted to increase the reliability and validity of the measurements. As a pre-test, two expert academicians were involved in the first step to assess the relevance, readability and ambiguity of the questionnaire. Then, a pilot study was conducted using a draft of questionnaire with a convenience sampling of 42
Bangladeshi mobile payment users. Next, Cronbach’s alpha test was carried out to test the reliability and internal consistency of the measurements. At the end of the process, minor modifications and changes were made to ensure that the questionnaire would be effective for data collection and achieve the objectives of the study. The final survey was conducted among different university students between 18 and 30 years old during the month of June 2017. A total of 264 completed and exploited questionnaires were collected (after succeeding cleaning and removal of inappropriate responses). Among them; 52.7 per cent of respondents are male and 47.3 per cent are female, about 50 per cent of the respondents have college education. The average age of the respondents is 26.51 years, the average transaction by mobile payment is 6.53 times a month, while their monthly average income is around USD 345. The sample size appears to be suitable for performing the structural equation model (SEM) analysis. Table I presents the demographic profile of the respondents.

<table>
<thead>
<tr>
<th>Characteristics (N = 264)</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>139</td>
<td>52.7</td>
</tr>
<tr>
<td>Female</td>
<td>125</td>
<td>47.3</td>
</tr>
<tr>
<td><strong>Age group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 20</td>
<td>28</td>
<td>10.6</td>
</tr>
<tr>
<td>20-25</td>
<td>135</td>
<td>51.1</td>
</tr>
<tr>
<td>26-30</td>
<td>44</td>
<td>16.6</td>
</tr>
<tr>
<td>31-35</td>
<td>23</td>
<td>8.7</td>
</tr>
<tr>
<td>Above 35</td>
<td>34</td>
<td>12.9</td>
</tr>
<tr>
<td><strong>Mobile payment per month</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 5 times</td>
<td>117</td>
<td>44.3</td>
</tr>
<tr>
<td>5-10 min</td>
<td>83</td>
<td>31.4</td>
</tr>
<tr>
<td>More</td>
<td>31</td>
<td>11.7</td>
</tr>
<tr>
<td>Missing data</td>
<td>33</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Household monthly income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 200 USD</td>
<td>83</td>
<td>31.4</td>
</tr>
<tr>
<td>200-300 USD</td>
<td>58</td>
<td>21.9</td>
</tr>
<tr>
<td>300-400 USD</td>
<td>40</td>
<td>15.4</td>
</tr>
<tr>
<td>More</td>
<td>63</td>
<td>23.8</td>
</tr>
<tr>
<td>Missing data</td>
<td>20</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Education level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below secondary diploma</td>
<td>9</td>
<td>3.4</td>
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<tr>
<td>Secondary school diploma</td>
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<td>6.8</td>
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<td>High school diploma</td>
<td>129</td>
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<tr>
<td>Undergraduate diploma</td>
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</tr>
<tr>
<td>Post graduate diploma</td>
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<td>14.8</td>
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<tr>
<td><strong>Occupation</strong></td>
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<td></td>
</tr>
<tr>
<td>Current student</td>
<td>114</td>
<td>43.2</td>
</tr>
<tr>
<td>Business</td>
<td>46</td>
<td>17.4</td>
</tr>
<tr>
<td>Government employed</td>
<td>30</td>
<td>11.4</td>
</tr>
<tr>
<td>Private employed</td>
<td>46</td>
<td>17.4</td>
</tr>
<tr>
<td>Others</td>
<td>28</td>
<td>10.6</td>
</tr>
</tbody>
</table>

**Source:** Survey data

Table I. Respondents demographic profiles
4. Empirical results

4.1 Measurement model evaluation

An exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) of all items was simultaneously conducted to evaluate the measurement model reliability and validity. To test the reliability of the instrument used in this study, Cronbach’s alpha and Composite reliability (CR) are used. As shown in Table II, both the alpha value and CR value of each construct are higher than the thresholds, representing that the scales were reliable (Hair et al., 2010).

To assess the validity of the measurement model, CFA was conducted. Table II also presents the CFA results. The standardized estimate of each construct is significant at the 0.001 level and the average variance extracted (AVE) value of each construct exceed 0.50, indicating the convergent validity (Fornell and Larcker, 1981; Hair et al., 2010). As shown in Table III, discriminant validity was verified as the square root of each construct’s AVE is higher than its inter-construct correlations. Each factor loading is higher than their critical value of 0.70, which further support discriminant validity (shown in Table II). In addition, multicollinearity is not a major concern as the variance inflation factors (VIF) are below the threshold of 10 (Hair et al., 2010) (shown in Table III). The results of Harman’s single factor test reveals (first factor counts for 37.23 per cent and several factors with eigenvalues more than 1) that common method bias does not concern in this research (Podsakoff et al., 2003).

Furthermore, this study examines the measurement model for the male and female subsamples, respectively. As shown in Tables IV and V, values of Cronbach’s alpha and CR are higher than 0.70, supporting the good reliability. The values of AVE exceeds 0.50, representing good validity of the model. Also, the square root of every construct’s AVE is higher than its correlations with other variables, confirming discriminant validity.

After confirming the validity and reliability statistics, this study assess model fit indices, which is shown in Table VI. The overall ratio of chi-square to degrees of freedom is

<table>
<thead>
<tr>
<th>Measurement constructs</th>
<th>Exploratory factor analysis (EFA)</th>
<th>Confirmatory factor analysis (CFA)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor loadings</td>
<td>Cronbach’s alpha</td>
</tr>
<tr>
<td>Trust</td>
<td>0.846-0.861</td>
<td>0.70</td>
</tr>
<tr>
<td>Risk</td>
<td>0.860-0.877</td>
<td>0.72</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.862-0.881</td>
<td>0.78</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.917-0.930</td>
<td>0.93</td>
</tr>
</tbody>
</table>

**Source:** SEM-Amos and SPSS output

<table>
<thead>
<tr>
<th>Measurement constructs</th>
<th>Mean</th>
<th>SD</th>
<th>Trust</th>
<th>Risk</th>
<th>Satisfaction</th>
<th>Loyalty</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>3.66</td>
<td>0.73</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
<td>0.859</td>
<td>1.164</td>
</tr>
<tr>
<td>Risk</td>
<td>3.10</td>
<td>0.91</td>
<td>-0.40</td>
<td>0.86</td>
<td></td>
<td></td>
<td>0.894</td>
<td>1.119</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3.17</td>
<td>0.78</td>
<td>0.43</td>
<td>-0.32</td>
<td>0.86</td>
<td></td>
<td>0.873</td>
<td>1.145</td>
</tr>
<tr>
<td>Loyalty</td>
<td>2.33</td>
<td>1.10</td>
<td>0.16</td>
<td>-0.16</td>
<td>0.41</td>
<td></td>
<td>0.90</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Italic diagonal numbers are the square roots of AVE

**Source:** SEM-Amos and SPSS output
Table IV. EFA and CFA results for sub-samples male (N = 139) vs female (N = 125)

<table>
<thead>
<tr>
<th>Measurement constructs</th>
<th>Exploratory factor analysis</th>
<th>Confirmatory factor analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor loadings</td>
<td>Cronbach's alpha</td>
</tr>
<tr>
<td></td>
<td>m</td>
<td>f</td>
</tr>
<tr>
<td>Trust</td>
<td>0.873-</td>
<td>0.805-</td>
</tr>
<tr>
<td>Risk</td>
<td>0.826-</td>
<td>0.876-</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.862-</td>
<td>0.847-</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.912-</td>
<td>0.915-</td>
</tr>
</tbody>
</table>

Notes: m = Male; f = female
Source: SEM-Amos and SPSS output

Table V. Discriminant validity for sub-samples: male and female

<table>
<thead>
<tr>
<th>Measurement constructs</th>
<th>Mean</th>
<th>SD</th>
<th>Trust</th>
<th>Risk</th>
<th>Satisfaction</th>
<th>Loyalty</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (N = 139)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>3.62</td>
<td>0.73</td>
<td>0.76</td>
<td>0.74</td>
<td>0.77</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>3.15</td>
<td>0.88</td>
<td>-0.42</td>
<td>0.74</td>
<td>0.77</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3.13</td>
<td>0.72</td>
<td>0.25</td>
<td>-0.28</td>
<td>0.77</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>2.31</td>
<td>1.08</td>
<td>0.16</td>
<td>-0.24</td>
<td>0.39</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Female (N = 125)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>3.70</td>
<td>0.73</td>
<td>0.70</td>
<td>0.74</td>
<td>0.77</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>3.06</td>
<td>0.94</td>
<td>-0.34</td>
<td>0.78</td>
<td>0.77</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3.20</td>
<td>0.85</td>
<td>0.60</td>
<td>-0.36</td>
<td>0.82</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>2.35</td>
<td>1.11</td>
<td>0.15</td>
<td>-0.08</td>
<td>0.43</td>
<td>0.94</td>
<td>0.91</td>
<td></td>
</tr>
</tbody>
</table>

Note: Italic diagonal numbers are the square roots of AVE
Source: SEM-Amos and SPSS output

Table VI. Model fit indices

<table>
<thead>
<tr>
<th>Model fit indices</th>
<th>Standard value</th>
<th>Measurement model</th>
</tr>
</thead>
<tbody>
<tr>
<td>p-value</td>
<td>≥0.05</td>
<td>0.65</td>
</tr>
<tr>
<td>The ratio of chi-square to degrees of freedom (CMIN/df)</td>
<td>&lt;3</td>
<td>0.95</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>≥0.95</td>
<td>1.00</td>
</tr>
<tr>
<td>Goodness of fit index (GFI)</td>
<td>≥0.90</td>
<td>0.98</td>
</tr>
<tr>
<td>Average GFI (AGFI)</td>
<td>≥0.80</td>
<td>0.96</td>
</tr>
<tr>
<td>Normalized fit index (NFI)</td>
<td>≥0.90</td>
<td>0.98</td>
</tr>
<tr>
<td>Tucker–Lewis index (TLI)</td>
<td>≥0.90</td>
<td>1.00</td>
</tr>
<tr>
<td>Incremental fit index (IFI)</td>
<td>≥0.90</td>
<td>1.00</td>
</tr>
<tr>
<td>Root mean square error of approximation (RMSEA)</td>
<td>≤0.05</td>
<td>0.01</td>
</tr>
<tr>
<td>p-close</td>
<td>≥0.05</td>
<td>0.97</td>
</tr>
</tbody>
</table>

Source: Amos output
significant (CMIN/d.f. = 0.955, \( p = 0.65 \)), which is within their standard value. All other goodness of fit indices are also within the acceptable ranges (CFI = 1, GFI = 0.98, AGFI = 0.96, NFI = 0.98 and RMSEA = 0.01). All the fit indices represent that the proposed model exhibits a reasonably good fit to the data (Hu and Bentler, 1999; Hair et al., 2010).

4.2 Structural model evaluation

SEM is used to estimate the parameters of the structural model and standardized solutions produced by AMOS maximum-likelihood method, which are shown in Table VII. The model is evaluated by inspecting the path coefficients (\( \beta \) weights) which outline the quality of association among the constructs. Summary of results reveals that the explained variance of perceived trust is 16.0 per cent, customer satisfaction is 21.0 per cent, and customer loyalty is 17.0 per cent. As shown in Table VII, except the path perceived risk to customer loyalty (\( \beta = -0.040 \)) and perceived trust to customer loyalty (\( \beta = -0.029 \)), all other paths are significant, thus \( H1a, H1b, H2a \) and \( H3 \) are accepted, while \( H1c \) and \( H2b \) are rejected.

4.3 Between group analysis: gender differences

This study also assesses the effect of gender as a moderator in the research model. This study compares the differences in coefficients of the corresponding structural paths for the two-sub samples. As shown in Table VIII, the effect of customer satisfaction on customer loyalty in the female model is significantly larger than in the male model, while the effect of perceived trust on perceived risk in the female model is significantly weaker than that in the male model. In addition, the effect of perceived trust on customer satisfaction in the female model is significantly positive but it is non-significant in the male model. However, perceived risk on customer satisfaction, perceived risk on customer loyalty and perceived trust on customer loyalty found to have no significant effect in both models. Therefore, \( H5a \) and \( H6 \) are confirmed, while \( H4a, H4b, H4c \) and \( H5b \) are not supported.

5. Discussion

Previous studies have examined the adoption of mobile payment service typically based on influencing factors, whereas the current study provided a holistic overview of security

<table>
<thead>
<tr>
<th>Hypothesized paths</th>
<th>Unstand. estimate</th>
<th>Stand. estimate</th>
<th>C.R.</th>
<th>( p )</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived risk → Perceived trust</td>
<td>-0.347</td>
<td>-0.401</td>
<td>-3.998</td>
<td>***</td>
<td>( H1a )-accept</td>
</tr>
<tr>
<td>Perceived risk → Customer satisfaction</td>
<td>-0.177</td>
<td>-0.177</td>
<td>-1.966</td>
<td>**</td>
<td>( H1b )-accept</td>
</tr>
<tr>
<td>Perceived risk → Customer loyalty Perceived trust → Customer satisfaction</td>
<td>-0.064</td>
<td>-0.040</td>
<td>-0.490</td>
<td>n.s.</td>
<td>( H1c )-reject</td>
</tr>
<tr>
<td>Perceived trust → Customer loyalty Customer satisfaction → Customer loyalty</td>
<td>0.413</td>
<td>0.357</td>
<td>3.605</td>
<td>***</td>
<td>( H2a )-accept</td>
</tr>
<tr>
<td></td>
<td>-0.054</td>
<td>-0.029</td>
<td>-0.322</td>
<td>n.s.</td>
<td>( H2b )-reject</td>
</tr>
<tr>
<td></td>
<td>0.657</td>
<td>0.412</td>
<td>4.732</td>
<td>***</td>
<td>( H3 )-accept</td>
</tr>
</tbody>
</table>

Table VII.
Summary of hypotheses test

Notes: Explained variance: \( R \)-squared, Perceived trust: 16%, Customer satisfaction: 21%, Customer loyalty: 17%, CMIN/d.f.=0.955, \( p = 0.652 \), GFI = 0.985, CFI = 1, NFI = 0.973, RMSEA = 0.010. ***\( p < 0.001 \), **\( p < 0.05 \), n.s., not significant
Source: SEM-AMOS output
perceptions in mobile payment by first identifying the influence of perceived risk and trust on customer satisfaction and loyalty and then comparing the moderation effect of gender. The results of the study reveal that the perceived risk has a significant negative effect on perceived trust and customer satisfaction in mobile payment services, which is consistent with previous studies (Al-Gahtani, 2011; Rouibah et al., 2016; Khalilzadeh et al., 2017 among others). This implies that the perceived risk plays a driving role in building customer trust that determines their satisfaction level.

Perceived trust shows a significant positive association with customer satisfaction, this finding is consistent with Zhou (2013) and Rouibah et al. (2016), who found that perceived trust in mobile payment has an important influence on customer satisfaction. The results also reveal the relationship between customer satisfaction and loyalty in mobile payment that is also consistent with the finding of studies by Ram and Wu (2016) and Ammari and Bilgihan (2017). Therefore, it can be argue that perceived trust has a strong antecedent on customer satisfaction, and customer satisfaction is the pre-condition for customer loyalty. It is important to keep in mind that the lower the perceived risk, the higher the perceived trust, customer satisfaction and loyalty.

However, contrary to our expectations, a non-significant relationship is found between perceived risk and customer loyalty. The possible reason may be that the customers have many alternative payment methods, thus when customers need to pay for something they may not only depend on mobile payment rather than other payment methods (e.g. regular bank payment, cash payment). Surprisingly, a non-significant and confusing negative effect found in the relationship between perceived trust and customer loyalty. One possible reason is that customer’s inadequate knowledge about the mobile payment system. Another possible reason could be that there is some kind of trust transference among mobile payment users, since social influence has had a positive effect on trust.

Moreover, consistent with prior studies on gender (Sun et al., 2010; Malaquias and Hwang, 2016; Rouibah et al., 2016), the current study has shown that there is a gender difference in the mobile payment adoption behavior. Gender exerts significant moderating roles on the pathways from perceived risk to perceived trust, perceived trust to customer satisfaction, and customer satisfaction to customer loyalty. Perceived risk reveals that it has a greater effect on perceived trust in the male sub-sample than in the female sub-sample. Perceived trust has stronger effects on customer satisfaction in the female sub-sample than in the male sub-sample. Likewise, customer satisfaction reveals to exert a greater effect on

<table>
<thead>
<tr>
<th>Hypothesized paths</th>
<th>Male (N = 139)</th>
<th>Female (N = 125)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived risk → Perceived trust</td>
<td>-0.42**</td>
<td>-0.34**</td>
</tr>
<tr>
<td>Perceived risk → Customer satisfaction</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td>Perceived risk → Customer loyalty</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td>Perceived trust → Customer satisfaction</td>
<td>n.s.</td>
<td>0.53***</td>
</tr>
<tr>
<td>Perceived trust → Customer loyalty</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td>Customer satisfaction → Customer loyalty</td>
<td>0.35***</td>
<td>0.54***</td>
</tr>
</tbody>
</table>

Variance explained: R squared

- Perceived trust: 18% Male, 12% Female
- Customer satisfaction: 10% Male, 38% Female
- Customer loyalty: 16% Male, 20% Female

Notes: ***p < 0.001; **p < 0.05; n.s., not significant

Source: SEM-Amos output
customer loyalty in the female sub-sample than in the male sub-sample. This implies that females tend to be more satisfied and loyal to the adoption of mobile payment when they find sufficient trust and satisfaction respectively. Males tend to be more trustworthy towards the mobile payment adoption when they see lower risk in the context.

6. Conclusion
The purpose of the study is to demonstrate the antecedents of perceived risks and trusts in the relationship between customer satisfaction and loyalty, and examine the moderating effect of gender in the proposed relationships. The results of the study successfully validated the proposed relationships and suggest that the perceived risk has a significant negative influence on perceived trust and customer satisfaction. Perceived trust is the most important variable in building customer satisfaction, and customer satisfaction is the reasonable predictor of customer loyalty. In addition, gender differences moderate the adoption of mobile payment service. Therefore, the results of the study extensively contribute to the theoretical and managerial knowledge in adoption of mobile payment services.

From a theoretical standpoint, the findings of the study hold several implications for scholars in the field of technology adoption on financial transactions. First, this study provides a better theoretical insight into the perceived risk and trust factors that influence the adoption of mobile payment services by identifying their effects on the people who use this service. Existing studies have focused primarily on motivating factors, while current study focuses on customer security related factors and becomes more relevant, as security-related factors are pre-requisites for the adoption of technology in financial transactions. In addition, the study has successfully examined the moderating effect of gender, which provides a clearer picture of the different perceptions in mobile payment of different genders. Finally, the model and its constructs can be replicated in different economies to determine whether the results are similar or otherwise.

From the theoretical point of view, the results of the study have important implications for the managers or practitioners in designing their mobile payment adoption strategies to pursue greater acceptance and diffusion of this new payment system. First, service providers should carefully consider risk and trust issues. To control the perceived risk associated with mobile payment, service providers should ensure a strong security system when offering mobile payment services to customers. Service providers should install a mobile digital signature application and highly secure passwords when performing transactions that can guarantee authenticity and confidentiality. It is important to educate customers about the safety of transactions every time they make a mobile payment or offering potential users training and testing service before using mobile payment. Second, to build trust, users should provide a positive experience; mobile payment should ensure that it is free of technical errors, reliable, and highly responsive to any problems that might arise. In addition, a strong moderating effect of gender in this model reveals that there is no one-size-fits-all strategy for adopting mobile payments. Service providers could use different promotional and creative strategies for female and male customers to satisfy them.

All studies inevitably have limitations. First, this study focuses the security related factors only that theoretically connected to the adoption of technology, other motivational factors for the adoption of mobile payment are not taken into account in this study. Furthermore, this study has limited generalizability because it is based on data collection in one Asian country. Therefore, caution is required to apply these results in other context, and more longitudinal cross-cultural future research is suggested to further investigate the adoption of mobile payment services.
References


PRR 3,3


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Managing and building B2B SME brands: an emerging market perspective

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Abstract

Purpose – This paper aims to distil the management challenge pertaining to B2B SME branding strategy, communication and constraint in the emerging market context of Chinese manufacturing.

Design/methodology/approach – Complemented by 19 interviews, this paper adopted a novel methodological approach – netnographic analysis – to investigate a selection of Chinese manufacturing SMEs.


Practical implications – Understanding the three approaches offers managerial implications for Chinese manufacturer SMEs to redesign their branding practice. Informed with a better understanding of the available option, they will be able to achieve high value-added production through branding to gain competitiveness. This study sheds light on B2B SME branding from an emerging market perspective, an area that has been largely neglected in the existing literature.


Keywords Branding strategy, Branding constraints, Brand marketing, B2B SMEs branding, Netnography

Paper type Research paper

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1. Introduction

Literature has stated that a powerful brand helps a company to create a sustainable competitive advantage (Guenther and Guenther, 2019). Brands serve sellers to improve company reputation, and generate sales and profits in the consumer market; they also benefit consumers by assuring product quality and reducing purchasing risk (Keller, 2013). Brands also play a vital role in B2B markets by offering benefits to suppliers, buyers and industrial markets (Glynn, 2012; Kotler and Pfoertsch, 2006). B2B brands function as proxies for the relative risk levels associated with the choice to enter, maintain and jettison relationships with particular business suppliers and buyers (Anees-ur-Rehman et al., 2018; Cretu and Brodie, 2007; Michell et al., 2001); this increases buyer confidence and generates a higher level of satisfaction (Viardot, 2017; Ohnemus, 2009). Brands also help firms, particularly small- and medium-sized enterprises (SMEs) to improve their industrial competitiveness, functioning as industrial barriers against potential competitors, and hence accomplishing financial rewards (Gromark and Melin, 2011; Anees-ur-Rehman et al., 2018).

Research on brands and branding has been well established in consumer markets by large organisations (LOs) but is comparatively under-developed in B2B contexts (Sheth and Sinha, 2015) by SMEs (Abimbola and Vallaster, 2007; Inskip, 2004; Odoom et al., 2017). In general, B2B branding is more complex than B2C branding, due to the extensive network of multiple stakeholders with a wide (and sometimes conflicting) range of demands and expectations in the B2B sector (Sheth and Sinha, 2015; Kotler and Pfoertsch, 2006). It is only recently that interest in B2B branding research has grown (Kumar et al., 2015; Yieh et al., 2018; Zhang et al., 2015). Moreover, existing evidence reveals that B2B branding studies from emerging markets is scarce (Seyedghorban et al., 2016). Recognising the sparseness of published work conjoining SME and B2B branding, questions arise about B2B SME branding: How do those involved perceive branding? How do SMEs promote their brands in the B2B context? What are the brand building strategies they employ? To understand these issues, the objective of the present study is to explore how B2B SMEs perceive branding, and to evaluate how they currently manage branding communication channels and branding strategies.

China, as the research context, was used to investigate branding issues from an emerging market perspective. China is the world’s largest emerging market and second largest economy, manufacturing 60-80 per cent of world commodity output across a range of products from air conditioning and mobile phones to shoes (The Economist, 2015). Chinese SMEs are strongly export-oriented. They tend to focus on low cost, labour-intensive production as a strategy for achieving prominence within global supply chains (Li, 2017), where global perceptions of Chinese brands matter enormously. However the literature suggests that, to date, only limited research has been done on Chinese B2B SME branding performance (Zhang et al., 2016).

This study adopts an innovative methodological approach – netnographic and interview evidence – to explore how B2B SMEs approach branding online and offline, and to provide insights on how these firms from emerging markets upgrade their branding practices. The most appropriate descriptors for the branding options are distilled and their effects on B2B brand management perceptions are explored. In this fluid and fast-changing business context, the descriptors for alternative approaches offer management sense-making value, not least by providing shared terms to establish shared meaning within the cultural spaces opened up by B2B co-working, thereby building trust in B2B management relationships. Through the view of Chinese B2B SMEs, our exploratory findings advance the existing knowledge on brand management from a B2B SME perspective, and contribute to the prior
literature on B2B and SMEs branding. Furthermore, our research responds to the calls for more branding research to focus on an Eastern-related context (Sheth, 2011).

The present paper is structured as follows. First, we undertake a literature review of B2B SME branding in Section 2. Choice and sequencing of research methodologies is then discussed in Section 3, prior to describing and analysing the findings in Section 4. Findings reveal three brand management approaches: conservative, flexible and integrative-exploratory. The study concludes in Section 5 with a discussion and summary statement of the key findings and their implications for further research in the area.

2. Literature review
2.1 Brand, branding and B2B brand management
In spite of a considerable volume of literature on brand and branding, definitions of brand remain ambiguous and vague (Mitchell et al., 2012). There have been attempts to produce a consensual definition, but these have generally been unsuccessful (de Chernatony, 2009; Conejo and Wooliscroft, 2015; Wood, 2000).

A pioneering definition of brand was given by the American Marketing Association in 1960, defining a brand as “a name, term, design, symbol that identifies one seller’s good or service as distinct from those of other sellers.” This differentiation-based definition reflects the product paradigm perspective of a brand (Conejo and Wooliscroft, 2015; Louro and Cunha, 2001), where the components of a brand are derived from its product attributes, such as logos, slogans and other identifiers (Mitchell et al., 2012). Such definitions also overlap with the trademark concept (de Chernatony, 2009). De Chernatony (2009) provides a more comprehensive explanation for the diverse brand definition; he developed an evolutionary brand spectrum that initiates from functionally oriented value in differentiation and positioning, to emotionally oriented value of personality and vision, and finally to the added-value level as the brand management sophistication level increases. This model provides a holistic view of how brand has been defined in various contexts.

Branding is often regarded as a competitive advantage, which registers, in the first instance, in the consumer’s mindset when they are evaluating product or service quality. Traditionally, this topic mainly emerged from consumer markets in relation to large organisations (LOs). For instance, the first branding models were developed by Aaker (1991) and Keller (1993) in recognising components of brand equity, such as brand awareness, brand loyalty, perceived value and brand associations (Aaker, 1993); and customer-based brand equity, which is generated by the customer’s knowledge of a brand (Keller, 2001). Some studies have employed branding theory from consumer markets in the B2B fields (Viardot, 2017; Biedenbach and Marell, 2010), but in general, the existing branding literature shows limited focus on the B2B related domain. To understand the branding practice of B2B SMEs in more depth, Wong and Merrilees (2005) stated three types of brand-orientation in SMEs: minimalist, embryonic and integrated. To comment further on this teleological structure for brand management maturity, some SMEs engage in minimalist branding activities linked to short-term phases of centralised management. Others adopt embryonically systematised approaches, which drive more progressive market activities (Mitchell et al., 2015). More “integrated” management approaches are, by contrast, characterised by brand-centric management activity, which continually and systematically reflects on the interrelationships between branding, marketing and economic performance (Baumgarth, 2010). Generally, emerging B2B SME research reveals that brand-oriented firms have a higher impact on B2B marketing achievement (Mäläskä et al., 2011; Mitchell et al., 2015; Urde et al., 2013; Anees-ur-Rehman et al., 2018).
The existing literature on B2B SMEs brand management has explored a number of dimensions that can be theorised. For instance, Spence and Essoussi (2010) discussed brand strategy, brand identity, brand equity and organisational structure to form brand management dimensions; Leek and Christodoulides (2011) identified areas meriting further exploration, such as the role of B2B brands, B2B brand architecture, B2B brand communication and industrial brand equity. This research draws on the relevant dimensions of brand management by focusing on three important aspects relating to the B2B SME context – branding strategy, branding communication and branding constraints. The following sections root these key aspects of brand management approach within the relevant literature to clarify the basic unit of analysis for our research (i.e. to ensure that our “brand management approach” subject matter is clear).

2.2 B2B small and medium enterprises branding strategy

In general, there are three types of branding strategy that are relevant to B2B SMEs; these are corporate branding, product branding and ingredient branding (Leek and Christodoulides, 2011; Odoom et al., 2017). This section considers each in some detail.

A corporate or master brand operates on a meta level as a unifying theme covering all or most of a firm’s products or services. Hence, any heuristic or proxy value it provides stems from its simplifying representation of a firm’s total offering (Chang et al., 2015). Corporate branding integrates brand building with a firm’s strategic vision (de Chernatony, 2001), and enables the vision and culture of the whole organisation to be encapsulated within its uniqueness (Juntunen et al., 2010; Balmer, 2001). Corporate branding strategy has frequently been adopted in service industries (de Chernatony et al., 2006), and in retail SMEs (Kent, 2003; Burt and Sparks, 2002; Mitchell, et al., 2015). Corporate brand is also strongly associated with corporate value and uniqueness, communicating an overall impression of the organisation (Bengtsson and Servais, 2005). Therefore, it is less likely to be affected by the rapidly changing market environment (Inskip, 2004); in other words, any temporary dissonance experienced between pre-existing brand perception and actual experience may often be resolved in favour of the former.

Compared with a corporate brand, a product brand aims to create a unique and distinctive brand identity whose embeddedness within particular products means that it has less association with the parent organisation (Chang et al., 2015; Berens et al., 2005). Product branding strategy is more popularly applied in the consumer market, but is less fashionable in the B2B market, due to the nature of industry markets with brief product life cycles (Baumgarth, 2010). Nevertheless, a mixed branding strategy, spanning corporate and product brands, can help industrial firms to plan how they expand their brand portfolios and thus increase sales (Mark and Kay, 2006).

Ingredient branding refers to an essential ingredient or component of a product that has its own brand identity (Kotler and Pfoertsch, 2006), and is often adopted by LOs, such as Intel microchips or chipsets, which contribute much of the brand value to numerous brands of computer. Such branding often succeeds through a “pull strategy”, where a manufacturer experiences strong pressure to source a particular high-brand component to meet the expectations of the end market (Helm and Özergin, 2015; Swaminathan et al., 2012). This is more popular for modularised high-technology industrial goods with restricted application (Kotler and Pfoertsch, 2006), and is well illustrated by LOs such as the Intel Corporation, arguably the most successful brand to demonstrate the commercial power of ingredient branding (Norris, 1992; Kotler and Pfoertsch, 2010). The application of ingredient branding in SMEs, however, is less established.
Among these three types of branding strategy, a general assumption is that ingredient branding is most applicable where manufacturers find it in their interests to make themselves hostage to – and to actually become complicit in promoting – brand visibility at the ingredient level which gives their suppliers leverage over them (Kotler and Pfoertsch, 2006). Another general assumption is that product-branding strategies are often costly for SMEs in the manufacturing industry, and that they are, in general, more appealing for consumer markets where experience of the product is paramount, as it provides the lens through which consumers perceive firms. Corporate branding, by contrast, is more popular with B2B SMEs (Törmälä and Gyrd-Jones, 2017; Baumgarth, 2010). For the purposes of our study, we may conclude that this reflects the value brands offer as proxy indicators for the quality of prospective B2B partners. For Chinese SMEs seeking increasingly global and sometimes temporary B2B relationships, often across considerable geographical and cultural distances, it is clear that such proxy information matters greatly.

2.3 B2B small and medium enterprises branding communication
Keller (1993) states that while brand identities are integrated into firm marketing programmes (e.g. marketing-mix), communication can further enhance brand value, particularly when designed to reinforce brand identity. In the consumer world, the primary effort of brand communication is to build awareness through firm-brand associations, enhance brand recall, and provide a positive emotional experience to establish brand loyalty and thereby create value from the brand (Andersson et al., 2018; Aaker, 1993; Keller, 2013). In the B2B market, a key goal of brand communication is similarly to develop a successful buyer-seller relationship (Marquardt, 2013). Prospects for creating “brand-scapes” are relatively limited, and yet arguably no less important. The focus of SMEs in B2B brand management is to serve the customer’s needs in practical and pragmatic way; thus, it aims to provide helpful information in terms of product quality, functions and price, and ensures that the distribution channels employed are explicitly presented through communication tools.

The application of brand communication strategies varies in B2B and consumer markets. B2B firms apply different brand communication strategies, including direct marketing, trade exhibitions, sales promotion and personal selling (Kotler and Pfoertsch, 2006; Aneesur-Rehman et al., 2018). The application of personal selling dominated the early research into B2B brand communication strategy (Hutt and Speh, 2001), while nowadays, most firms consider various combinations of hybridised and individualised brand communication strategies employed by SMEs in B2B markets. In consumer markets, most LOs integrate branding with marketing communication strategy, and deliver branding messages in a consistent and coherent fashion (Melewar et al., 2017; Krake, 2005; Madhavaram et al., 2005). An integrative brand communication strategy helps to develop the customer’s brand awareness, build a positive brand image, and drive competitiveness in the market (Madhavaram et al., 2005). Promotional channels such as television, print advertising, and large-scale sales promotion are largely used by LOs in building brand image and conveying communication messages, but the effectiveness of such techniques for SMEs remains unclear (Wong and Merrilees, 2005).

Due to the resources constraints, the heterogeneous nature of SMEs demands an application of mixed and hybridised branding strategy (Krake, 2005). One common SME practice involves imitating and mimicking the branding communication practices of LOs (Spence and Essoussi, 2010). Some research on SME brand communication has found that a firm’s interaction with customers is key, as such encounters lead to the spread of Word of Mouth (WOM) communication, and thus generate and disseminate brand awareness.
In retailing industries, SMEs adopt experiential marketing tools in their approach to brand communication strategy by conceiving of the store environment as a “brand-scape”, where interaction between customers and the firm can be designed to inculcate brand awareness through affective customer experience (Hollenbeck et al., 2008; Mitchell et al., 2015).

In summary, the key purpose of brand communication for B2B SMEs is to provide offers that meet the buyer’s demands, with a central focus on the advantage of products and services (Kotler and Pfoertsch, 2006).

2.4 B2B small and medium enterprises branding constraints
Despite the benefits and importance of branding to stakeholders in the B2B field for quality evaluation and profitability (Keller and Kotler, 2012), the application of branding in the B2B SME sector remains under-exploited (Lynch and de Chernatony, 2004; Ohnemus, 2009). Prior research has listed a number of constraints that B2B SMEs have encountered, such as perceiving branding as less important for B2B SMEs (Wong and Merrilees, 2005) due to the complexity of the B2B market (Keller and Kotler, 2012) and the limited resources and capabilities to support branding (Leek and Christodoulides, 2011). In reviewing the existing literature, we found three types of constraints to provide possible explanations for this state of affairs: perceptual constraints, market constraints and resource constraints (Leek and Christodoulides, 2011; Mitchell et al., 2015; Centeno et al., 2013).

The perceptual aspects of constraint is about what brands meant to SMEs in the B2B market. B2B SMEs may see branding as not important nor significant (Hirvonen and Laukkanen, 2014). The profit-oriented business mind that often predominates within B2B management is therefore less likely to be influenced by extravagant and costly adverts (Keller and Kotler, 2012). Thus, the prevailing emotional approach to B2C branding may often be one of wilful disregard or healthy suspicion, both of which reflect critically on any affective responses that the brand has been designed to foster (Leek and Christodoulides, 2012).

The B2B market constrains branding to some extent, as the industrial nature consists product variations that impede the development of tailored brand positions (Bendixen et al., 2004). The B2B purchasing decision hub commonly comprises a great number of entities, revealing a complex socio-psychological aspect within buying behaviour and showing that branding must be carefully targeted and focused (Glynn, 2012). Both perceptual and market aspects bring a high level of risk in branding. Some scholars advocate that a firm should acquire more knowledge and information on the positive branding application for B2B SMEs. For instance, Lynch and de Chernatony (2004) claimed that the B2B buying decisions should be protracted if necessary, to address “the emotional” in addition to the “rational” processes associated with buyer deals (Andersson et al., 2018). Leek and Christodoulides (2012) found a positive correlation between perceived decision uncertainty and perceived brand importance. That is, as the degree of uncertainty in a complex buying situation increases, firms consider their brands to hold more significance in the purchasing decision process (Bengtsson and Servais, 2005; Reijonen et al., 2015). Accordingly, we can conclude that, in such circumstances, a higher risk premium can be charged for the brand (Zablah et al., 2010).

Resource constraint is another key constraint that directly affects the use of branding by B2B SMEs. Branding requires long-lasting involvement; however, the lack of short-term financial reward reduces SME motivations towards branding in B2B markets (Leek and Christodoulides, 2011). Traditional issues faced by B2B SMEs that affect branding are: limited financial and resource support, weaknesses in innovation and technological development,
constrained entrepreneurial capabilities, low productivity and regulatory burdens (Spence and Essoussi, 2010; Mäläskä et al., 2011). Furthermore, SME ownership often determines brand spending within these broader contexts of resource scarcity (Spence and Essoussi, 2010). It is the SME owner who often makes the decision on whether to spend heavily on developing a brand, bearing in mind other related factors such as product life cycles and levels of innovation diffusion (Krake, 2005; Abimbola and Kocak, 2007; Mitchell et al., 2012). Deficiency in the influence of marketing professionals remains a major issue for SMEs in their brand building, as is frequently manifested in the heavy concentration of functions among a limited number of people, including the owner (Odoom et al., 2017; Khan and Ede, 2009). Brand spending therefore very often suffers where there are perceived to be more urgent spending needs, particularly where highly concentrated management specialisms exclude or marginalise the marketing profession for reasons of resource scarcity.

Taking stock of the relevant literature, it appears that relatively few academic studies exist within the B2B SME branding area to provide a theoretical underpinning for understanding B2B brand management (Ohnemus, 2009). This suggests a need for further investigation of how B2B SMEs approach branding (Hirvonen et al., 2016; Leek and Christodoulides, 2011; Spence and Essoussi, 2010). In this research, we are particularly concerned with the issues discussed in the literature on the three aspects of B2B SMEs branding – namely, branding strategy, branding communication and branding constraints – to investigate its practical application in greater depth.

3. Research design
This research uses an exploratory approach with a qualitative method as the most appropriate to explore brand management in depth (Spence and Essoussi, 2010). The sample was drawn from Chinese SMEs in the manufacturing industries. As the largest emerging economy, China’s SMEs contribute significantly to the national economy development (Hussain et al., 2006), and understanding how Chinese B2B SMEs approach brand management offers some findings that are generalizable to SMEs from other emerging nations. The definition of Chinese SMEs differs from that of other countries. A SME is commonly defined as having below 250 employees in most countries (Ayyagari et al., 2007), whereas a Chinese SME in the industrial sector contains a maximum of 2000 employees (Liu, 2008). This would be considered as large firms in other economies. Following the Chinese SME ceiling of 2000 employees, we mediated the size of company, which allowed us to capture more of the management complexity than might be visible in studies of SMEs in other countries.

A combination of netnography and interviews was used to collect the qualitative data. Figure 1 details the data collection process. This began by utilising a netnography study.

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B2B SME brands
with the objective of interpreting the views and insights of Chinese SMEs, and exploring the complexity of the B2B brand management in the Chinese context. Previous netnographic research indicates that a combining of netnography with other methods can be effective in providing triangulation and complementarity so as to enhance the overall reliability of findings, particularly where a combination of netnography and interviews is adopted (Wang et al., 2017; Janta et al., 2012; Kozinets and Handelman, 1998). In line with existing studies, the interview method was used following the netnographic exploration.

One thing to note is that, rather than focusing on a particular product or industry, we wanted to understand the Chinese manufacturing industry as a whole; therefore, both the netnographic and interview data collection tools were designed to covered B2B brand management issues across a wide range of industries. We achieved this by using the selected website as a “familiarising forum”, both for developing awareness of the issues and for sourcing interviewees who were active in contributing to the forum, and represented a broad range of industrial sectors. The general relevance of the issues raised and carried forward into the interviews could thus be assured.

3.1 Netnography study

During Stage One, netnography was used upon discovering that B2B SMEs were active contributors to online forums. Chinese B2B SMEs promote business activities online, passing on exporting experience and looking for international buyers through exporting forums and chatrooms. Hence, their online behaviour generates rich qualitative data of relevance to the present study (Kozinets, 2006). Netnography, as a marketing research technique, uses information that is publically accessible, and is deemed to be a faster, simpler, naturalistic and unobtrusive method (Kozinets, 2010), but its application in B2B fields is scarce. Therefore, the use of netnography contributes to methodological diversity at the interface of B2B and SME strands of literature.

In the process of data collection, we first selected the most appropriate exporting forum for study. We combined suggestions from industrial practitioners and a Chinese engine search (baidu.com), and selected one of the most popular exporting forums for SMEs (FOBshanghai). This forum focuses on creating a global trading online community in China, and it has been highly regarded by SMEs as the main platform to access B2B exporting information. The forum meets the site selection criteria in terms of being relevant, active, interactive, substantial, heterogeneous and data-rich (Kozinets, 2010), and seemed to be the most suitable forum to address the research questions.

We adopted a non-participatory approach to gain more naturalistic data, thanks to the unobtrusive nature of the study. This entailed reading through discussion threads, which had proven successful in drawing B2B SMEs online communities together from across multiple industrial sectors, and then collecting and interpreting relevant archival data. Relevant topics were highlighted, and key words such as “SMEs brand/branding”, B2B brand/branding, “brand management” and “brand development” were explored. A total of 85 threads, spread across a six-year timespan, were deemed relevant.

3.2 Interview

Equipped with an objective to have a better understanding of what are likely to be the most important live issues in B2B brand management, in Stage Two, 19 interviews were conducted with Chinese manufacture SMEs. The sequencing we followed was to ensure that information gathered from the netnographic setting could then be used to stimulate more meaningful exchanges in the interviews. This is a widely recognised approach to producing
more valid findings than can be gleaned from artificial interview settings alone (Sherry, 1990; Wang et al., 2017).

During the data collection process, potential interviewees were initially approached through a professional exporting chatroom from the selected forum. Research agendas were introduced to the participants, together with an invitational message that explained the research purpose. After having exchanged information, 12 potential interviewees agreed to participate in the interview. The majority were international sales executives with three to 15 years’ sales experience. Their wealth of knowledge on a broad range of industries offered great insights into branding performance in industrial markets. To further enrich the data by broadening the range of industrial sectors represented, we generated a second group of seven SME business owner interviewees through guanxi (personal relationships) access facilitated by the first 12 interviewees. Assurances were provided that all 19 represented firms fitted within the Chinese B2B SME category (Liu, 2008).

Interview questions were organised in three parts:

1. to understand SMEs’ current theoretical knowledge of branding;
2. to examine their own brand-building and promotion processes; and
3. to ascertain the evaluative perceptions and constraints of branding practices and their constraints.

This semi-structured protocol allowed the informants to talk openly about their views on the topic. In particular, the third set of questions generated views on the affective aspects of B2B brands that were more visible to the interviewer. The 19 interviews were conducted over telephone and Skype, each lasting 43 minutes on average. Details of the interviewees are provided in Table I. The company names have been disguised to ensure confidentiality. Due to the setting of data collection, a few respondents were from the same industries; for instance, F3 and F19 were both oral care product manufacturers, and F9 and F13 were LED producers. Overall, a broad range of industries was represented. We also noticed that the size of our respondents’ sample was relatively small compared with the standard definition of Chinese SMEs, which is a maximum of 2,000 employees. Our sample size was more in line with the international standards of 250 employees (except for three firms of over 250). We thus consider that our sample was a valid representation of SMEs in the field of branding exploration.

3.3 Data analysis
Both netnography and interview data were analysed with a general inductive approach, entailing qualitative data analysis (Bryman and Burgess, 1994; Dey, 1993). Detailed reading of raw data was undertaken to discern any recurrent concepts, themes or models which might be used to structure findings regarding B2B branding practices and their perceived effects (Thomas, 2006). Data deemed relevant were refined through a process of cleaning, close reading of text, coding and thematic categorising. The analysis of netnographic and interview data aimed to discern multiple perspectives, which helped to ensure the reliability and validity of the findings (Sekaran and Bougie, 2010), and provided greater insights to understand how Chinese SMEs in B2B markets perform their branding.

4. Findings
Combining both netnographic and interview data, the findings reveal that the demand for branding varied among the B2B SMEs, with some appreciating branding and others regarding it as unnecessary. The level of awareness in brand building was also varied among Chinese B2B SMEs. We present the findings as follows: Part One describes the
SMEs’ general knowledge and perceptions about manufacturing branding. In Part Two, we developed three categories of attitudes according to firms’ branding perceptions, namely, conservative, flexible and integrative exploratory categories.

4.1 Part 1 B2B small and medium enterprise perceptions on branding

We first present the findings regarding general perceptions towards brands. Initially, we investigated what branding meant to manufacture SMEs. The conflicting perspectives that emerged broadly reflected the conflicting perspectives within the related academic literature. Branding literature claims that the process of branding starts with market positioning and analysing the company’s core values (Aaker, 2004; Keller, 2013). It requires an in-depth understanding of an organisation’s culture, vision and mission (Keller, 2013). Our data show that many Chinese firms similarly perceived that branding was a process of creating a name, logo, trademark or other visible brand elements representing the company and its product, while the core values of brand culture and brand symbolic identity remained undefined. Hence, when branding related questions were posed to the interviewees, participants were more likely to associate the branding process with creating or promoting the brand name:

“[…] branding? Like your own brand name? […] Like someone franchises your brand? […]” (F4).

“[…] about branding […] we have not thought about it […] we haven’t registered the name […]” (F9).
This reveals that branding was a relatively novel topic for manufacture SMEs in China. Many firms possessed a basic knowledge of branding and recognised the benefits of branding to a business, but were reluctant to commit to any systematic approaches to brand development, or to implement branding within their strategic plan.

These general perceptions led us to refocus on what might motivate a B2B SME to develop its branding practices using formalised management approaches. The benefits of a brand have been well established in the literature. Kotler and Pfoertsch (2006) stated that a powerful brand helps a firm to differentiate its products, increase its sales, and secure future business; and hence helps it to command premium pricing. The research data revealed widespread acknowledgement of these benefits; nonetheless, we found that the most salient motivation for B2B SME brand development was that which was typically conceived in terms of financial success. More fully, the quote below illustrates how some participants conceived of the financial success achievable through branding as a simple lesson to be learned from commonplace variation in Chinese B2C export practices:

China has been the world factory for many years to produce non-branded products. As a manufacturer, we clearly understand that producing a normal T-shirt, the price can go up two dozen times by putting a ‘swoosh’ logo on it. It seems simple and exciting, but this is the effect from branding. (GS-Frank 2011-8-11 11:44; Fob-Shanghai, 11.08.2011).

Hence, interest in B2B branding in part reflects a desire to draw the B2C brand premium upstream within supply chains, such that it becomes relevant in B2B deals. This view recognises that Chinese manufacturers often operate on the lowest rung of the supply chain, with only a low margin. They routinely witness the price differences from manufacturing to retailing, and regard these both as an equity (i.e. fairness) issue, and as an opportunity cost they must too often bear. Other salient motivations for brand development, discerned from the data, included the desire to increase sales and improve company reputation. Tentatively, we might regard these motivations as being meaningful to at least some participants in terms of their instrumental value vis a vis the above broad goal of capturing greater brand premium in the B2B marketplace.

Further exploration revealed a tendency to juxtapose recognition of branding benefits alongside the realisation that few firms could afford the heavy investment often required to achieve them. Similarly, for SMEs whose business focus was on OEM (original equipment manufacturing) production, we were able to discern the commonplace view that investment in brand development eats up sales revenue and sacrifices business earnings. This view regarded brand development as only worthwhile for the most well-resourced firms, able to absorb its short-term costs, as typified in the following quote:

My previous company has also tried branding. We put a lot of effort into building our own brand, and were hoping that one day we can catch up with the industry leaders. Nevertheless, when the business orders in OEM come, we choose to compromise. Overall, bread (sustaining business) is more important than jewellery (branding). (Guangzhou – doctor 011-11-24 11:54; Fob-Shanghai, 24.11.2011).

Notably, the OEM business model requires the contracting firm to provide specific information about product design and specification, particularly in relation to the retail branding (Chu, 2009). Faced with severely limited prospects for linking brands to products, it is unsurprising that OEM firms did not perceive branding as an immediate priority; however it is also worthy of note that, rather than disregarding brand development altogether, they still tended to regard it as an important source of value, and well worth reconsidering if resources allowed it in the future.
4.2 Part 2 branding approach

Our findings suggest that the preferred approaches to brand management could be categorised into three broad groups. First, the “conservative” approach was characterised by the belief that branding was either unnecessary, risky or a waste of time, or perhaps as something that emerged spontaneously through B2B management interaction, requiring little or no management cultivation. Second, a “flexible” approach was also discernible, acknowledging the importance of branding, and being open to branding opportunities, but taking little action in practice. This essentially builds on the first approach by treating brands as assets that deserve to be managed with whatever resources are available if, or when they emerge spontaneously through B2B practice. Third, the “integrative-exploratory” approach was also discernible from the data. This builds on the previous two approaches by considering brand management as an issue of design rather than of spontaneous emergence, yet also focuses on the interplay between the two. Viewing brand management as key to competitive advantage, it actively seeks to integrate brand management in key areas of business operations. Furthermore, it explores brand development and redesign opportunity in the light of B2B experience, by not only harnessing customer and market insights from across the business but also by taking a proactive-exploratory approach towards interacting with customers and testing markets to cultivate such insight and thereby gain competitive advantage.

Recognising the fundamental importance of these three categories, we grouped the interview firms accordingly for the purpose of structuring and presenting the remaining findings. Table II provides a detailed description of how the three groups were organised. It indicates the general view of branding, the current forms of brand management and communication, and the views on branding constraint, which we consider constitutive for each of the three brand management approaches.

4.2.1 A conservative brand management approach. Eleven out of the 19 interviewed firms revealed a prevailing view of branding as a needless strategy which wasted resources for little reward. They showed little or no desire to brand-build; instead, they often focused on routinely integrating other brand labels within their OEM production. Some asserting, “We don’t have a brand […]”, or “we have a corporate name, but no brand.” (F1, F2). However, we found that they did tend, as one would expect, to use their corporate names as business promotion. In their view, some limited or haphazard promotion of the established corporate name was of itself a low expense and is a practically convenient branding strategy to increase sales.

This group of firms tended to prefer certain brand communication modes. Most popular was communicating through the established website by explicitly displaying their offers; furthermore, promotion through packaging or other e-commerce platforms (e.g. madeinChina.com, Alibaba.com) was popular. These communication channels required limited resources and involved less risk.

If the customer does not have a specific requirement, we will promote our brand on the package.
We also offer cheaper price if the customer is willing to buy a product with the factory’s logo.
Also, we promote our brand on the company website (F5).

We further explored the constraints perceived by this group to offer some possible explanations for the clear lack of interest in branding. Three key constraints were found:

(1) the nature of the product;
(2) lack of interest from managers; and
(3) business size and resourcing.
<table>
<thead>
<tr>
<th>Management approach</th>
<th>Interview firms</th>
<th>General views</th>
<th>Branding strategy</th>
<th>Branding communication</th>
<th>Branding constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>A conservative approach</td>
<td>F1, F2, F4, F5, F7, F9, F11, F14, F15, F16, F18</td>
<td>Branding is unnecessary; too risky; waste of time</td>
<td>Corporate branding</td>
<td>Packaging; website advertising</td>
<td>Standardised products, e.g., ingredient and component; entrepreneur management style; small business scales</td>
</tr>
<tr>
<td>A flexible approach</td>
<td>F3, F8, F12, F13, F17, F19</td>
<td>Approve the importance of branding; open to branding; little actions in branding practice</td>
<td>Mixed branding</td>
<td>Discount for own brand; packaging; website advertising; local tradeshows</td>
<td>Lack of added value and competitiveness; limited finance resources; lack of relevant skills</td>
</tr>
<tr>
<td>An integrated-exploratory approach</td>
<td>F6, F10</td>
<td>Branding as main competitive advantage in marketplaces; actively engaged in branding activities</td>
<td>Mixed branding</td>
<td>International trade shows/exhibitions; actively exploring foreign market</td>
<td>Weak in R&amp;D and product positioning, and creativity; intensive market competition</td>
</tr>
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Table II. Three attitudes on branding for B2B SME brands
First, the nature of product ingredients and components constrained the firm’s desire to brand. The perception of firms taking a conservative approach to brand management was that brands should ideally be based on creative and innovative products that can offer added value; nevertheless, the nature of the products they produced was well standardised with low value-added, which reduced their interest in branding. For instance, Firm 2 produced natural stone, Firm 4 made screw caps and other fastener products, Firm 11 produced soundproofing materials, and Firm 5 manufactured disposable medical gloves to a standardised design. As F4 asserted:

[... ] our product is a screw cap [... ] this kind of product is very unlikely to be branded, we are not doing that. We think it is a waste of time to brand, the product will eventually disappear in the final goods, and I don’t see the point in branding it (F4).

Second, we found a strong association between managerial personality and brand orientation, which we identified as an important driver of brand management activity for those firms taking a conservative brand management approach. This finding echoes earlier studies (Krake, 2005; Spence and Essoussi, 2010) which reveal the significant influence of an entrepreneur’s personality and character on brand building and related decision-making. It further aligns with the view that branding can contribute to developing social capital by cultivating a distinctive personality-based business style, as illustrated here:

We will not consider it (branding) in the near future. We have our own name (the corporate name), but we have not promoted it widely, not yet at this moment. We have been in this industry for a number of years and our old customers know us. It is possible to gain more deals by promoting our brand, but I do not want to push myself too hard on this. I am quite content with the current situation [... ] (F14).

The relevance of firm size and business scale were also clear from the data. A few firms (F7, F16 and F19) expressed this as follows: “We are a small firm, we don’t need branding’, “branding is for big and large firms; we are a small company.” It was clearly discernible, then, that firms operating on a smaller scales tended to focus more on manufacturing productivity than on brand building, simply due to limited resources. It was particularly notable that such firms, overall, tended towards negative views of brand building.

4.2.2 A flexible brand management approach. We classified six out of 19 firms (F3, F8, F12, F13, F17 and F19) as a group revealing a more flexible approach to brand management. These firms were more receptive to the perceived benefits of branding, regarding it as a future solution for Chinese B2B firms. Yet they were also realistic about the current manufacturing situation that prioritises productivity over brand building. To strike an effective balance between the two, they maintained an open mind towards various brand management options. While maintaining a largely passive approach to brand management, they nonetheless remained vigilant to exploit any opportunities that might arise. This was clearly illustrated as follows:

We have our own branded product with the company name on it. If the buyer has no special requirement on products, we will sell them the company branded products [... ] (F17)

Perhaps as a reflection of its pragmatic openness, this “flexible” approach favoured mixed branding strategy as a means to gain market share. Accordingly, these firms also seek efficiencies. For example, in addition to pursuing their corporate branding strategy, they may develop product brands for the domestic market, partly to practise their branding skills for future international competition. Hence, for example, both F3 and F12 had separate brand names for international and domestic markets:
OEM orders are for international markets; we have developed a separate product brand for the domestic market [...]. It is a matter of time to develop a good brand [...]. we have invested so much in this business [...]. we are trying our best in building a reputable brand, so that we can go out (overseas market), but it is a hard process that cannot be achieved overnight [...]. (F3)

OEM is the major business for us; all big customers come with OEM deals. We also sell own brand products to small buyers and in domestic markets [...]. (F12).

For firms in this “flexible” category, brand communication channels predominantly focused on packaging and advertising through B2B online platforms, and they occasionally attended local trade shows, e.g. Canton Fair, to promote their products and brands.

Most firms in this category claimed that the major constraint to branding was the homogeneous industrial product, which lacked added value. They perceived that, ideally, a branded product should comprise certain types of competitive advantage contained within the product itself, which was most likely in high-tech and particularly disruptive-innovative products, which lead and shaped markets.

If you want to build your brand, you must have the added value (from the product), this is the key reason that you can sell it at a premium [...]. all successful brands in the market have been developed for many years, we cannot compete with them. (F19).

Other branding constraints identified from the data for this category included lack of financial support and level of firm competence in R&D and industrial designing. These can be viewed as factors that firms used as touchstones for reflecting on pragmatically and flexibly about when to invest more deeply in brand management:

Just like I said, your managerial and design capabilities cannot compete with competitors, you don’t have competitiveness. I think the company must improve these capabilities first, then you can build and promote your brand. (F8)

Accordingly, we can conclude that the flexible approach is essentially long-termist in character, linking prospects for investment in brand management to long-term prospects for the company in general.

4.2.3 An integrative-exploratory brand management approach. We found only two firms (F6 and F10) that were actively engaged in branding practice, and which could be labelled as having “integrated” approaches to brand management insofar as they had coordinated branding within their business strategies. Both firms viewed branding as the key underlying factor for successful future competition. Krake (2005) refers to a very similar category comprising SMEs entrepreneurs, described as visionary individuals who actively pursued brand value and identity creation, reminding us that the “integrated” approach at issue here may usefully be conceived of as leadership driven, particularly where strong leader personality can both supply and drive a model for the preferred brand.

We further label this category “exploratory”. Similar to the companies preferring a “flexible” approach, this category was characterised by preferences for mixed branding strategy, combining corporate branding and product branding strategies to acquire branding skills from domestic markets. Their branding communication approach was notably very market-focused. By actively engaging in the international markets, this category was able to explore prospects for improving marketing competence by drawing upon their accumulated experience and knowledge of market contexts. Similarly, they adopted branding communication channels in proactive, exploratory ways – for example by attending international tradeshows to interact with international buyers, or by visiting the direct markets to explore market trends. F10’s comment “Go out and see” neatly illustrates...
their exploratory business approach. More fully, F10’s view reflects the logic of actively seeking marketing insight as a source of competitive advantage:

The traditional Chinese way is sitting in the office and waiting for the product’s design image from buyers. It is better that we proactively go out to study and learn what the market wants, to understand their (the market) taste, their style. We learn and study it, then sell it back to them […] (F10).

We have just registered our brand (a name) and we plan to put the name in every product we produce. And our designer will go aboard every year. They will visit European countries to see the popular styles and colours in the market, and visit the American market too. They learn it and bring the knowledge back to us. We then develop new products together […] (F10).

At this point, the interrelatedness of the “integrated” and “exploratory” descriptors which we used for this category becomes clearer. Because of firms’ proactive, exploratory, experience-seeking approach to cultivating marketing insights, brand management was perceived as inextricably bound to all management processes that participated in the accumulation and flow of knowledge, thus making possible insight and related strategic change.

What makes this view of particular interest is as follows. Current marketing literature linking the cultivation of marketing insight to knowledge production and strategy draws heavily on the management metaphor of “environmental scanning” (Smith and Rasin, 2008, pp. 109-142) to explain where the data and information for knowledge production should come from. Accordingly, it could be argued that related marketing insight practice sometimes suffers from a reliance on passive monitoring, this being connoted by the scanning metaphor typically used to describe it. Improvements to such practice may exist, but only in cases where the cultivation of knowledge and insight is explicitly aligned with far more proactive information gathering practices, such as those commonly associated with marketing, business or competitive intelligence practice (Wright and Calof, 2006). Taking stock, we believe that the integrated-exploratory approach to brand management, which we discerned within our third category is aligned with enlightened approaches to marketing insight and marketing intelligence. This emphasises the need for active exploration of markets and networking opportunities to gain competitive advantage.

These two firms within the third category possessed an enlightened approach to branding, although their branding journey was not without its recognised barriers. We found a few constraints illustrated by both firms. For instance, F6 was more concerned with repositioning themselves in the market, due to product transition from webcam to computer assembly. They struggled with their market repositioning and found it difficult to align with market demand in the context of high R&D pace in the electronics industry. Firm 10, however, was constrained by intense competition and imitation in the market. Working in the artwork industry, they found that branding could help them to get a foothold in the marketplace. The key driving force in this industry, they believed, was the creativity and design work required to lead the market and stay ahead of the many imitators waiting to seize what market share they could. Accordingly, they viewed branding as an important component of the integrated approach required for gaining and maintaining market leadership and eventual dominance.

5. Discussion and conclusion
SME branding remains a fruitful domain for empirical investigation (Mitchell et al., 2015; Spence and Essoussi, 2010; Odoom et al., 2017), particularly in the B2B field (Leek
and Christodoulides, 2012; Zhang et al., 2015; Kumar et al., 2015). We combined literature studies on B2B SME branding with the empirical evidence from Chinese manufacturing industries. The principal conclusion is that three ideal types of SME brand management approaches emerged from the study as useful for interpreting the findings. However, we can also draw conclusions (Figure 2) about the basic business realities facing Chinese SME manufacturers in emerging markets, which all respondents appeared to agree on.

5.1 B2B small and medium enterprises brand perception
Our research provides practical evidence in understanding how B2B SMEs from the emerging market evaluate their brands. By applying de Chernatony’s (2009) evolutionary spectrum of brand management approaches to understand how B2B SMEs value their brand, our research revealed that the majority of SMEs placed brand value at a functional application level, referring to a brand as a name, logo or slogan to create differentiation from competitors (Yieh et al., 2018), which is in line with the “logoization” level of understanding of a brand as a key product attribute (Louro and Cunha, 2001). Only a few SMEs had escaped the “logoization” mentality and shifted their focus on market needs through upgrading products. We found no evidence to support an evolutionary progress into the emotional level of branding which has been extensively recognised in B2B domains (Leek and Christodoulides, 2012; Andersson et al., 2018). Our research thus provides empirical evidence to support de Chernatony’s (2009) brand evolutionary theory.

5.2 B2B small and medium enterprises branding strategies
To guide such effort, it is worth reiterating the finding that corporate brand was the most popular and applicable branding strategy in this B2B study context. This finding echoes earlier studies showing that a corporate brand was a convenient branding strategy to apply, as it presents an overall impression of an organisation (Juntunen et al., 2010). Our research
also aligns with other studies (Odoom et al., 2017; Spence and Essoussi, 2010) acknowledging that a mixed branding strategy incorporates product branding with corporate branding and is recognised as a popular branding practice for manufacture SME in general. More specifically, though, an important consideration for our emerging market study context is that corporate branding strategy was employed to serve sales growth in the international market, while firms applied product brands more as an experiment to access demand within local markets.

We also found that the SMEs generally considered ingredient branding as an unnecessary waste of time, confirming the limited usage of ingredient branding in industrial markets as recognised by earlier studies (Norris, 1992; Kotler and Pfoertsch, 2006).

5.3 B2B small and medium enterprises brand communication channels
Branding is communicated in various ways, and choosing an effective channel to deliver a message has become a key to business success. Early research (Hutt and Speh, 2001) indicates that personal selling has dominated B2B marketing. With the increasing popularity of online platforms availability, e-commerce has become a major branding channel for B2B SMEs. We found that firms actively engaged in B2B online platforms, e.g. promoting through international trading websites (such as Alibaba.com and madeinchina.com), designing their own website, as well as promoting through professional forums and chatrooms for direct and indirect exports. The data indicates that online marketing had been the major brand communication media for B2B SMEs due to its low cost and wide reach. Trade shows were one of the most effective ways to promote an SME’s brand and business, although they were costly for small firms with limited financial support. The key purpose of communicating through various marketing tools was to build a sustainable buyer–seller relationship, and hence generate more sales.

5.4 B2B small and medium enterprises branding constraints
Our study also highlights a number of constraints faced by B2B SMEs. First, branding management was likely to matter far more when design innovation was a source of competitive advantage. Second, entrepreneurship and leadership provided important models upon which brands could either be built or emerge spontaneously (Reijonen et al., 2015; Nolan, 2005; Khan and Ede, 2009). Third, there was of course the homogeneous nature of industrial products to consider (Kotler and Pfoertsch, 2006; Bendixen et al., 2004). Finally, our study has revealed that resource availability mattered greatly (Mitchell et al., 2015; Leek and Christodoulides, 2011). For example, only a few SMEs could afford to attend international trade shows regularly, even though trade exhibitions were highly cost-effective ways to promote their brands and businesses.

5.5 Theoretical implications
This research provides theoretical implications. Past papers have empirically investigated SME branding (Mitchell et al., 2015; Khan and Ede, 2009; Berthon et al., 2008) and B2B branding (Leek and Christodoulides, 2012; Zhang et al., 2015; Kumar et al., 2015), and the growing interest in combining both contexts (Mäläskä et al., 2011; Spence and Essoussi, 2010; Hirvonen et al., 2016; Abimbola and Kocak, 2007). In line with such research, this paper contributes to the branding literature in both SME and B2B settings. We have offered a comprehensive understanding of how the value of a brand is perceived by B2B SMEs, and provided a roadmap for branding value development (de Chernatony, 2009). Research reveals that in the manufacturing environment, SMEs recognise a brand as its functional level which overlaps with the concept of trademark. The major purpose of B2B SMEs'
branding practice is to increase sales and differentiate products in markets. However, high value branding engagement in terms of emotional attachment and value-added is still absent. These findings are in line with earlier studies showing that branding practice is less popular with SMEs in the B2B context than LOs from consumer markets (Aaker, 1993; Keller, 2013). Moreover, our findings, based on the archetypes of branding approach, proposed a progressive schema for B2B SMEs to follow, which aligns with the early studies on brand orientation (Wong and Merrilees, 2005; Mudambi, 2002).

5.6 Managerial implications
Our findings provide a comprehensive picture to understand branding application in an industrial environment. First, managers should be aware of the current misconceptualisation of branding in the manufacturing environment. Findings indicate that the perception of brand value from B2B SMEs is located at a basic functional level, which is synonymous with trademark. A roadmap to the branding indicates an evolution from a functional level interpretation to an emotional attachment, extending to value added branding. Manufacturers wishing to uplift their branding practice should move away from the product functional focus to an emotional connection by adding personality and vision to the brand (de Chernatony, 2009; Andersson et al., 2018). This requires both long-term investment and visionary planning to integrate with branding practice.

Second, to consider which brand strategy is most appropriate for industrial SMEs, managers need to investigate the number of branding strategy options available, and examine these in a relation to their firms’ values and market conditions. This research suggests that corporate branding is the most popular strategy for B2B SMEs, and it comes with a concentrated marketing plan that links a firm’s value with individual products. Corporate branding is less costly, but it may make a business vulnerable to the total offerings of firms in terms of reputation building (Kotler and Pfoertsch, 2006). We suggest that corporate branding is particularly suitable for resource constrained B2B SMEs. Managers, however, should be vigilant and cautious in the application of corporate branding strategy. Any reckless decisions will directly affect a corporation’s reputation and image. This requires prudent alignment with an organisation’s strategic plan and marketing activities, as well as high expectations of product quality.

Third, the findings of the three branding approaches (conservative, flexible and integrative-exploratory) illustrate a progressive process, and offers directions for SME managers to follow. We suggest that B2B SME managers who are interested in developing branding strategy should take the branding constraints into consideration, and adopt corporate branding as an initial branding strategy to mitigate the cost (Kotler and Pfoertsch, 2006). As a firm gains more experience in branding, a combination of corporate branding and product branding can be considered to accomplish business expansion and product intention.

5.7 Limitation and future research
This study should be viewed alongside acknowledgement of its limitations. First, we have focused on B2B manufacturing firms from various industries; this may limit an in-depth understanding of industry-specific behaviour. Future research might examine the branding practice within a specific industry, such as the electronics industry. Second, brand management literature reveals a number of dimensions, while our research has shed light only on three prevailing branding elements. The exploratory nature adopted here may have impeded in-depth exploration within each category. Future research could take this further
by examining one or more elements in more depth. For instance, future work could investigate to what extent corporate branding strategy is applied in the B2B SME context.

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Probing the progress of the external dimension of the Bologna process

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Abstract

Purpose – This paper aims to assess the “external dimension” goals of the Pan European Bologna reform, almost 19 years after its launch. The influences of the reform on higher education in Africa, Latin America and the Caribbean, and Asia-Pacific are investigated. The paper analyses the appeal of the 1999 Bologna Process (BP), which, arguably, symbolizes an effort to strengthen the hegemony of Western European education and influence, has for the first time gone beyond ex-colonial lines, including areas where Europe’s socio-political influence is not impactful.

Design/methodology/approach – This paper opted for an analytical review of the literature on the European higher education internationalization goals as stated in external dimension objectives of the Bologna Process reform. The literature search was complicated by the limited number of peer review articles focusing on the spread of the Bologna model beyond Europe. As a result, the inclusion criteria were flexible, and consideration was given to educational website reports/articles, dissertations, books, pamphlets, and internal EU/European Commission reports.

Findings – The findings of this review indicate that, in spite of significant challenges, the internationalization objectives of Bologna Process are gradually being met in Africa, Latin America and Asia. Most notable is that some countries that historically did not have a European colonial presence are embracing aspects of the Bologna reform. Almost 19 years after, the BP reform now has a significant external influence not only in the former Portuguese, Spanish, British and French colonies but also beyond. In spite of the overwhelming embrace of the BP model in Europe and outside of Europe, its implementation, everywhere, has faced some administrative, political, and economic challenges.

Research limitations/implications – The study examined the spread of the Bologna Process models beyond Europe and not its acceptability by stakeholders such as faculty and students outside Europe. Future research could examine the satisfaction rates among higher education stakeholders in regions and countries embracing the BP models.

Practical implications – The findings of this review indicate that the steady spread of the BP means that more countries and tertiary education institutions can explore opportunities aimed at developing more educational and socioeconomic partnership, including the exchange of knowledge, technology and resources.

Originality/value – While emphasizing the benefits and opportunities for cooperation, the paper identifies that the increasing internationalization trends influenced by the BP are leading to regional higher education cooperation in Asia, Latin America and Africa. Other higher education models around the world can learn from the marketing strategies of the BP aided by EU.

Keywords Cooperation, Harmonization, Reform, Internationalization, Convergence, Bologna

Paper type Literature review

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Introduction

Globalization of knowledge brought about a fundamental reconsideration of Europe’s traditional systems of higher education through the signing of the 1999 European Bologna Process higher education reform. The attractiveness of this reform, 20 years after its launching, is seen in the significant growth in its membership – from 29 countries in 1999 to about 48 countries today, including Russia (EHEA, 2018). Trade in higher education services has become so strong that even countries not involved in reform need to be aware of what is happening because of the inevitability of collaboration among educational systems and institutions in the global education marketplace. According to Altbach (2001), higher education is increasingly seen as a commercial product to be bought and sold like any other commodity. Countries involved in such trade prefer commodities that are easily comparable; hence, the current global drive toward the Bologna model of higher education reform and harmonization in Europe, Africa, Central Asia and Asia-Pacific and Latin America.

The stated number one objective of the external dimension of the Bologna Process (BP) reform was to present and explain the European Higher Education Area (EHEA) to other world regions. It is almost 20 years after the launch of the BP, and one year to 2020, the year set by the 2009 Leuven and Louvain conference to achieve a full-fledged EHEA, which makes a study of the effectiveness of the external dimension of the BP timely. This analytical review of literature seeks to examine the extent to which the ‘external dimension’ goals of the Pan European Bologna reform have been realized, 20 years after its launch. Our focus is on higher education in Africa, Latin America and the Caribbean and Asia-Pacific.

Towards the Bologna process

The creation of the Bologna Process was the result of logical developments of timid, but incremental moves towards the convergence of European higher education. The reluctance by national governments in Europe to accept interventions in their national education systems had led the European Commission to adopt incremental moves to facilitate the readability and transferability of degrees, and the mobility of students and faculty within the EU (Reinalda and Kulesza, 2006).

Education was excluded from the 1957 Treaty of Rome which created the European Economic Community (ECC) because it was not considered a priority, even though faint voices encouraged plans for more collaboration in education. The British Government’s refusal to participate in any form of Europeanization of trade and education services because of fears of compromising its sovereignty, constituted a major problem to the EEC integration efforts (Mazey and Richardson, 1992).

In the second half of the 1980s the European Commission funded various projects in the field of vocational training, such as COMETT (Community Action Program in Education and Training for Technology) and FORCE (a program for the development of continuing vocational training) (Reinalda and Kulesza, 2006; Thompson and Ambler, 1990). Another less-controversial program, The Community Action Scheme for the Mobility of University Students, commonly known as ERASMUS, was started in 1987 to aid the drive towards European higher education harmonization. The creation of the Socrates Program in 1995 was an indication that the drive toward convergence in European higher education had become unstoppable. This program was designed to encourage innovation and improve education quality through closer cooperation between educational institutions in the EU and the European Economic Area (Reinalda and Kulesza, 2006).
The 1992 Maastricht Treaty was the first European treaty to make a comprehensive reference to the contribution of the EU to education (European Parliament, 2001). Article 126 of the 1992 Maastricht Treaty became an important clause in the 1997 Treaty of Amsterdam which preceded the Bologna Declaration. This article gives member states the responsibility for the content and organization of their education system in accordance with their cultural and linguistic diversity. In spite of allowing national systems to consider their specific needs, the Bologna Process commits the signatories to work towards the “Europeanization” of higher education by paradoxically adopting the Anglo-American model, which features a two-tiered degree structure (Sedgwick, 2001). The resemblance between the Bologna degree structure (Bachelor – three years, Masters – two years and Doctorate – three years) and the British higher education system probably explains why there is less British resistance than was the case during earlier attempts to harmonize European higher education.

The initiative of the French minister of education, Claude Allegre, to invite the education ministers of Britain, Germany and Italy in 1998 was a significant step toward the Bologna Accord (Reinalda and Kulesza, 2006; Sorbonne Joint Declaration, 1998). Their meeting led to the Sorbonne Declaration, which pointed out that European students seldom have the opportunity to study outside their countries. The statement expressed the need for reform and harmonization that will facilitate student and faculty mobility within Europe and beyond, the diversification of programs, and the improvement of working conditions in European higher educational institutions. Most important is the fact that this declaration recognized the two main cycles of education (graduate/undergraduate) and the use of the credits and semesters system, as the way forward for all of Europe. The call by the four ministers for the creation of a European Higher Education Area materialized the following year in the Italian city of Bologna, with the declaration creating the Bologna Process.

Objectives of the external dimension

The external dimension of the BP makes it the most aggressive reform ever. According to Armstrong (2009), the BP is a very bold experiment that has the potential to change higher education in ways probably not envisaged by its creators. In spite of efforts made by European governments, the EU, and tertiary education institutions to push the “external dimension” of the BP, the model will probably never be accepted everywhere. However, the implications of the reform for non-members of the process remain significant (Terry, 2007) because of the interconnectedness of today’s international higher education community – characterized by competition for international students, student and faculty mobility, joint-degree programs and a globalized labor market (Altbach, 2004; Altbach and Knight, 2007; Gorga, 2008).

The goals of the Bologna Process were not limited to ensuring a converging European higher education system. The reform also had the objective of increasing the competitiveness of the European models by ensuring their spread beyond Europe. This goal was expressed clearly by the Bologna Declaration (1999). The May 1998 Sorbonne Declaration that preceded the Bologna Accords pointed to “the international recognition and attractive potential of our systems”, while the Bologna Declaration looked “at the objective of increasing the international competitiveness of the European systems of higher education” and claimed to ensure “a world-wide degree of attraction” (Zgaga, 2006, p. 5).

This analytical review of literature seeks to establish the degree of success of these “external dimension” goals of the Pan European Bologna reform, twenty years after its launch. The
influences of the reform on higher education in Africa, Latin America and the Caribbean, Russia and Central Asia, and Asia-Pacific, are reviewed in this study.

Africa

According to Mohamedbhai (2007), African countries showed the need to harmonize their higher education systems to facilitate student and staff mobility decades before European countries did. The difference is that they did not promote harmonization wholly, neither at the regional nor the continental level, until the Europeans adopted the Bologna harmonization reform. He argued that African countries had expressed the need to harmonize for decades, pointing to the fact that Africa’s first major efforts at harmonization began with the adoption of the December 5, 1981, Arusha Convention on the Recognition of Qualifications in Higher Education in Africa (Obasi and Olutayo, 2009). The Arusha Convention objectives, which include the mutual recognition of qualifications to promote regional cooperation through the academic mobility of lecturers and students, were never implemented, unfortunately. Some regions of Africa, especially Francophone North, West, and Central Africa, have been motivated to harmonize following the adoption by European countries of the 1999 Bologna Process reform (Clark, 2007b).

The World Education Services (WES) report by Clark (2007b) explains that the Bologna Process is greatly affecting higher education in Africa. MacGregor (2008), citing the 2007 Clark report, underscores the fact that the impact of the Bologna Process in Africa has been largely based on ex-colonial lines. Some African countries are directly affected, while others are indirectly affected. These countries are changing their systems of education in line with the French versions of Bologna reform, in particular, and the European reform, in general.

The African Union (AU) (2007), an EU-style cooperation body, intervened to encourage higher education harmonization in Africa, suggesting that Bologna be studied as a model for the continent. The May 2007 African Union Meeting of the Bureau of the Conference of Ministers of Education ended with the release of a policy document titled “Harmonization of Higher Education Programs in Africa: A Strategy for the African Union.” The document states the Union’s strategy for harmonization, which is consistent with its vision of integration, peace, prosperity, and peerage in the global community. It is also compatible with its regard for education as a key instrument in achieving its vision of developing quality human resources and contributing towards increased mobility of Africans around the continent. The ministers acknowledged that within Africa there are many different systems of education, based on different legacies across the continent. The diverse cultural and colonial legacies have led to a lack of mutual recognition of different forms of certification, little cooperation and very low student mobility within Africa.

The influence of the Bologna Process in Africa varies from region to region. The greatest influence has been on French-speaking African countries that are emulating France to reform their higher education systems after the Bologna system. Neave (2003) affirms that English-speaking countries of Africa are not doing as much to reform because the existing British-style systems are close to the Bologna model, which is believed to have a largely Anglo-Saxon inspiration. After close to two decades of implementation of Bologna style reforms in many African countries, research denotes similarities and differences between the two processes, appreciates the strengths and shortcomings of the African process, calls for more exploration into the potential strengths and risks in harmonization initiatives strongly rooted in African countries (Woldegiyorgis, 2018).
North Africa: In 2003, the Maghreb countries (Algeria, Morocco and Tunisia) became the first Francophone African countries to follow the lead of former “colonial master,” France, by adopting the French version of the Bologna model: a three-year licence (degree), two-year master’s and three-year doctoral degree structure (LMD). The initial implementation in these countries was not full scale, involving only some pilot schools. But it was not long before full-scale implementation and cooperation with European countries actually began. The WES Report of April 2006 underscored the high degree of cross-Mediterranean consultation and discussion leading to the creation of the euro-Mediterranean Higher Education and Research Area (EHERA) as an extended branch of the Bologna Process. The EHERA, which includes Egypt, has objectives that are similar to those of the Bologna Process: compatibility between systems and qualifications, credit transfer, student mobility and quality assurance.

CEMAC Countries: The influence of the Bologna Process in Central Africa began to bear fruits in 2005, when the six member Countries of the Economic and Monetary Community of Central Africa (CEMAC) - Cameroon, Central Africa Republic, Chad, Equatorial Guinea, Gabon and Republic of Congo – decided to follow the example of the Maghreb countries by realigning their higher education systems along similar lines to the new Bologna-inspired French qualifications framework (Clark, 2007b; Libreville Declaration, 2005). The previous higher education traditions of most of these countries were modeled after those of the French. This was due to the fact that they are former French colonies (Nyamnjoh and Akum, 2008). The only exceptions are Equatorial Guinea, which is a former Spanish colony, and Cameroon, which had both French-style and English-style higher education systems, prior to the reform and harmonization.

The adoption process of the BMD (LMD) in the CEMAC happened in three phases. The conference of ministers of the CEMAC held in Gabon in February 2005, laid the groundwork for the adoption of the French Bologna-style model called the LMD. On February 7, 2005, the Conference of Presidents of Universities and Directors of Research Institutions (Conférence des Recteurs des Universités et des Responsables des Organismes de Recherche d’Afrique Centrale (CRUROR/AC) was created (Libreville Declaration, 2005). This was followed, on February 11, 2005, by the declaration of heads of states of CEMAC creating CEMAC Higher Education, Professional Training and Research Area (Enseignement Supérieur, de la Recherche et de la Formation Professionnelle). On March 11, 2006, the six member states of CEMAC launched the creation of structures to enable the adoption and implementation of the BMD reform in all universities in the sub-region (CEMAC, 2006).

Francophone West Africa and the DRC: The harmonization of higher education in Francophone West Africa is aided by the combined efforts of UNESCO and the AU, which have helped the Council of Ministers of Francophone West African Economic and Monetary Union to introduce the Bologna-style Licence/Master/Doctorate (LMD) reform (Obasi and Olutayo, 2009; UNESCO Bamako Cluster Office, 2008). The French-based Agence Universitaire de la Francophonie has been sponsoring university reform efforts in the region since 2002 by hosting regional discussions on degree reforms, joint degrees, quality assurance, research capacity, institutional management, and academic mobility (Clark, 2007b). Reform activities are currently taking place in the following French-speaking countries of West Africa: Benin, Burkina Faso, Mali, Niger Senegal, Cote d’Ivoire, and Togo.

The Democratic Republic of Congo (DRC) has also shown interest in aligning with European higher education reform. This is demonstrated by the country’s hosting of the July 2007 international conference on The African Universities’ Adaptation to the Bologna Process, sponsored by the University Commission for the Development (CUD) of the Conseil
Interuniversitaire (CIUF) of the French-speaking Community of Belgium (Obasi, 2007). European countries, through such conferences, have clearly demonstrated their desire to spread the Bologna-style higher education reform to other parts of the world (Douglass and Edelstein, 2009). The Democratic Republic of Congo is actively reforming its higher education system to align with the Bologna model of its former colonial ruler, Belgium (Obasi, 2007).

Portuguese-Speaking Countries: The WES Report (2004) on the impact of the Bologna Process on Africa states that Lusophone African countries are receiving pressure to reform from the Association of Portuguese-Speaking Universities. The report reveals that the association has long been working with countries such as Angola, Guinea Bissau and Mozambique to establish a Lusophone Higher Education Area to facilitate their adoption of Bologna-style reforms. With the expansion of reform to Portuguese-speaking countries endorsed by the Community of Portuguese-Speaking Communities, Lusophone countries are gradually embracing the reform.

English-speaking countries: Identification with the British model (structures and credit system) made it easy for Anglophone countries of Africa recognize the Bologna system, because it was largely inspired by the British system (Neave, 2003). Such Anglophone countries as Nigeria, Ghana, Tanzania, South Africa, Botswana and Zimbabwe have not seen Bologna-influenced activity because their existing structure of degrees is already in line with the Bologna architecture. Most of these universities have either the modular or credit systems. In spite of this, some Anglophone countries are adopting innovations inspired by the European reform in areas such as quality assurance. MacGregor (2008), citing Dr Nasima Badsha, advisor to the South African Education Minister and head of the Cape Higher Education Consortium, states that the Bologna Process experience is "pushing the region into looking at its own quality assurance frameworks and the portability of qualifications" (p. 1).

Asia-Pacific
Croisier and Parveva (2013) note that Australia has been in the forefront of establishing the Asia-Pacific process, which is similar to the Bologna Process, and has become known as the Brisbane Process. The decision to align with the Bologna model was made official by the Brisbane Communiqué Initiative, a declaration signed by Asia-Pacific ministers of education, in Brisbane, Australia, on April 4, 2006. It included a pledge to begin harmonizing or converging their higher education systems by collaborating on a number of broad initiatives to encourage and facilitate regional student and academic mobility and exchange, and to address barriers to these activities (Brisbane Communiqué, 2016). They agreed to cooperate in four key areas: quality assurance; recognition of educational and professional qualifications; common competency-based standards for teachers; and the development of common recognition of technical skills across the region to better meet the overall skills needs of the economic base of the region.

The Brisbane embrace of the Bologna model was followed closely by South-East Asian countries’ ministers of education, whose declared intention was to create a higher education space among its ten members. In 2007, the Southeast Asian Ministers of Education Organization, meeting in Thailand, initiated discussions and set up directives and objectives toward harmonization and creating a Southeast Asian higher education space, with goals similar to those outlined by the Asian-Pacific countries in Brisbane – quality assurance, credit transfer system, and Association of Southeast Asian Nations research clusters (SEAMEO RIHED, 2011). These goals have been implemented since 2008, with a pilot project under the Regional Centre for Higher Education and Development (RIHED)
Framework for Regional Integration in Higher Education in Southeast Asia. The center launched the region’s Students Mobility Project in 2010 and has continued to implement programs and adopt degree structures similar to the Bologna model (SEAMEO RIHED, 2016).

New models of Indian-European higher education collaborations have emerged since the Bologna Process reform. These collaborations cover areas such as research, study abroad and academic exchange, twin programs, dual and joint-degrees (Choudaha and Orosz, 2011). The European Union has played a key role in actively promoting cooperation with Indian institutions. A good example of such cooperation is the June 2011 science and technology awareness-raising team of representatives of European research institutes that visited 27 Indian research centers, and explored possibilities of scientific research collaboration (European Union, 2011). This kind of collaboration has invigorated Indian students to look to Europe as their first study abroad destination of choice, as well as promoted academic exchange between Indian and European universities. The number of Indian students enrolled in European higher education institutions has continued to grow in recent years, in spite of the fact that the USA still attracts most of them (Choudaha and Orosz, 2011; Mngo, 2011).

**Russia and Central Asia**

Higher education Russia and the rest of Central Asian countries have undergone significant reform mostly influenced by the European Bologna Process reforms. Russia, joined the Bologna Process barely four years after the launching of the reform in the European Union. Even though there has never been consensus among the members of Russia’s academia as to whether the move was justified, the reform certainly has remained in place even as members of the former Soviet Republics such as Armenia, Azerbaijan, GA, Kazakhstan, Moldova, Russia and Ukraine have now joined Bologna’s EHEA (Clark, 2015).

Clark (2015) points the fact that even though Kazakhstan is one of five countries that make up the Central Asian region that has formally joined Bologna Accords, the other countries of the region have also been impacted by the reform in varying degrees. Kyrgyzstan and Tajikistan for instance have made significant reforms to their higher education systems over the past decade that align them closely with the Bologna model while the other two countries of the region – Turkmenistan and Uzbekistan – are beginning to align their Soviet-style systems with the proposed Central Asian Higher Education Area (TuCAHEA) modeled on Bologna’s European Higher Education Area.

**Latin America and the Caribbean**

Brunner (2009) describes the impact of the Bologna Process in Latin America as a stimulant to closer university collaboration between Latin America and European institutions. These collaborations, he adds, are with “Spanish and Portuguese universities, in an effort to create an Ibero-American area of knowledge, with student and faculty exchanges” (p. 417). While other regions have created common higher education spaces to harmonize regionally, on the same lines as the European Higher Education Area (EHEA), this has not been the case with Latin America. Creating a common higher education area in Latin America has been impossible because there are no common regional political, economic, or monetary organizations as there are in other parts of the world. Nonetheless, cooperation between Latin American universities and their European counterparts has intensified with the advent of the BP reform. However, and fortunately, collaborative projects between European and Latin American institutions have already proven that a basis of comparison can be established (Gacel-Ávila, March 2014). Projects such as the Tuning Latin America Project...
achieved an identification of generic and specific skills in twelve disciplines through collaboration among Latin American institutions. Gacel-Ávila (2014) surmises that these results show that the educational model promoted by Bologna should be perceived as an opportunity to reform and internationalize the educational model prevailing in Latin America.

University associations and other forms of regional collaboration and efforts at internationalization have occurred in Latin America, with the creation of organizations such as Inter-American Organization for Higher Education (IOHE) and Alfa Puentes. These organizations are predominantly university associations that promote bilateral and multilateral cooperation through workshops on mobility, employability, quality and regional integration (Clark, 2014). Latin America’s higher education needs and preferences continue to be somewhat influenced by a colonial past that is inextricably linked to Europe, both culturally and linguistically. The TRESAL survey found out that Europe, followed by their own sub-region, remained the destination of choice for most faculty and students with regard to academic mobility (Clark, 2014). The application of BP reform models nationally and regionally in Latin America is boosted by the European Commission’s partial funding of organizations such as Alfa Puentes to promote regional integration in Latin America through targeted quality assurance reform, improving credential recognition and transparency, building a qualifications framework and increasing academic mobility.

While Latin America had not been able to develop a full-fledged common higher education area of its own, the region initiated a reform in 2008, alongside countries of the Caribbean leading to the creation of the Latin American and the Caribbean Higher Education Area (ENLACES-IESALC). The organization embraced the creation of a number of projects, including an information platform to support the Academic Mobility Program for Professors, Researchers and Students of Latin America. It also enabled the development of a Map of Higher Education in Latin America and the Caribbean, which brings together data on national higher education systems as a means of promoting academic mobility and the alignment of national and institutional policies. The 2013 UNESCO report indicated that IESALC was meeting the goals set in 2008 by:

Reorganization of its Governing Board and strategic review process, and is positioning itself as a leader in the regional higher education sector through initiatives to improve communication and synergies with governments, universities, other higher education institutions and networks within Latin America and the Caribbean region (UNESCO, 2013, p. 3).

Latin America and the Caribbean have not remained open to other models of education, as dictated by the job market. There are collaborations with North American universities and organizations through internationalization efforts championed by organizations such as Inter-American Organization for Higher Education (IOHE). The TRESAL survey indicated a modest rise in interest in Asia and Australia as destinations for studying abroad. Twelve per cent of students showed interest in Australia and New Zealand and 11 per cent in Asia, while 18 per cent showed interest in the USA and Canada, and 17 per cent in Europe (Clark, 2014). Students’ interest will continue to influence the cooperation needs of higher educational institutions, and it is not clear for how long the BP model will continue to influence former European colonies such as the countries of Latin America and the Caribbean.

Conclusion
The perspective that the ulterior motive of the Bologna Process external dimension was to promote European hegemony remains debatable. Notwithstanding, the reform has
strengthened socioeconomic partnerships between European countries and between Europe, Africa, Latin America and the Caribbean, Asia and Asia-Pacific. These partnerships are evidenced by the adoption of the Bologna models of education reform in these regions as well as in the European Union’s funding of exchange programs between European universities and universities outside Europe. The spread of the reform has not only been along ex-colonial lines, as suggested by some research (MacGregor, 2008). Its influence has been worldwide – in regions where Europe’s socio-political influence is not impactful; the Bologna Process has served as a model for regional integration (Clark, 2014). The internationalization of higher education has gained new momentum since 1999, thanks to the undeniable influence of the Bologna Process. The wide-ranging impact of the BP reform discussed in this paper seems to indicate that there is no end in sight yet regarding its influence. Scott (2009) argues that the global relevance of the Bologna Process will continue to grow with time. Clark (2014) analyzes the influence of the Bologna Process while underscoring its role as the model of regional integration in Africa, Asia and Latin America.

The Bologna Process has made significant strides toward achieving the goal of rendering European higher education more competitive. This trend is likely to continue if the European Union and the European Commission, alongside countries such as France, Belgium and Germany continue to promote international higher education exchange and collaboration at institutional, governmental and regional levels.

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Further reading


About the author
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