How Can Small Businesses Borrow the Halo of E-Tail Distributors? Leveraging E-Tailers' Country Image and Reputation in Enhancing Purchase Intention

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Background and Research Purpose The problem that most small businesses encounter is the consumers' lack of knowledge about their products. Lack of resources to advertise their products adds more challenges. A viable way to tackle this problem is employing e-tailers as their distributors. It is common to see small business products from many different countries sold at established e-tailers such as Amazon, AliExpress, and Asos. That is, small businesses based in the U.S. can sell their goods at e-tailers in their home countries through platforms such as Amazon as well as in other countries through platforms such as AliExpress and Asos. To reach out to global marketplaces, thus, it is important for small businesses in the U.S. to find the right e-tailers to develop an effective distribution strategy. Yet, previous studies fail to examine how small businesses can effectively leverage global e-tailers as their distribution channels.

When consumers have little knowledge about a small business product, they use other information to gauge the product. Based on signaling theory (Spence, 1974) and halo effect (Nisbett & Wilson, 1977), we posit that consumers' judgement on a small business product at an e-tailer is expected to go through two spillover processes. The first spillover happens when consumers judge e-tailer image using e-tailer cues; country of origin and reputation. That is, consumers may find where the e-tailer is from and how dominant it is in the market. The second spillover occurs when the e-tailer image serves as a halo to assess the small business product.

Based on the points mentioned above, we aim to develop a conceptual model that theorizes how external cues of e-tailers (i.e., country image, reputation) influence how an e-tailer is perceived, which in turn serves as a halo based on which consumers judge small business products sold on those platforms. In addition, we employ e-tailers' endorsement of small businesses as a moderating factor because global e-tailers often indicate reliable and popular sellers on their websites. For example, Amazon grants Seller Fulfilled Prime badges to the sellers who satisfy certain requirements (Amazon, 2019). The proposed conceptual model will be useful in conceptualizing the process of consumer judgement on small business products sold at e-tailers. The process will include the external signals of e-tailers to their image, and subsequently the impact on small business products. By doing so, small businesses can choose appropriate online distributors and develop their images from the existing e-tailer halos to attract consumers.

Theoretical Background and Proposed Conceptual Model We propose a conceptual model based on the two theories and literature. As shown in Figure 1, the two steps of spillover occur 1) from external signals of an e-tailer (i.e., country image, firm reputation) to the e-tailer images and 2) from the e-tailer images to the attitude toward small business products sold at the e-tailer. The images of the e-tailer will include associations and perceived product and service quality. Further, e-tailer endorsements will serve as a moderating factor to amplify purchase intention.

The signaling theory explains that consumers judge an object through a signal when information is asymmetric (Kirmani & Rao, 2000). A signal is a cue that a person can use to assess an object. In e-tailing, the signals consumers can easily employ are the e-tailer's country of origin and its firm reputation. Country image was found to impact brand equity and brand image (Pappu et al., 2007; Woo, 2019). For global consumers, for instance, U.S. e-tailers may have a more positive image than Chinese ones due to the associated country image. Higher firm reputation was also revealed to increase customers' brand equity (Walsh et al., 2009). Thus, we expect that country image and firm reputation collectively increase e-tailer image. While previous studies confirm the importance of country image, we view how country image interacts with firm reputation to create a positive e-tailer image (i.e., e-tailer associations and e-tailer perceived product and service quality), serving as signals and halo of the e-tailer.

P1: Country image and firm reputation of an e-tailer interact to positively predict e-tailer (a) associations, (b) perceived product quality, and (c) perceived service quality.

Figure 1. Conceptual framework

easily influence creating the small businesses' images. We propose that an online distributor spills its halo over into small business. In specific, once consumers form a positive image of the e-tailer, they will form a positive image of small business products sold at the e-tailer. Based on this, we postulate that three aspects of e-tailer image (i.e., associations and perceived product and service quality) will spillover in judging the small business products sold at the e-tailers.

P2: E-tailer (a) associations, (b) perceived product quality, and (c) perceived service quality positively predict attitude toward a small business product sold at the e-tailer.

Fishbein and Ajzen (1975) posits that one's attitude toward an object predicts one's behavioral intention. Hence, consumers with a positive attitude toward small business products sold by an e-tailer may have a higher purchase intention toward the product.

P3: Attitude toward a small business product sold at the e-tailer positively leads purchase intention to a small business product sold at the e-tailer.

We anticipate that consumers may feel more credible on the small business when there is a signal of seller endorsement by e-tailers. The endorsement, therefore, will moderate to increase consumers' purchase intention toward the small business products sold at the e-tailer when by attitude toward the products.

According to the halo effect, one's perception of an object is the general image about it and this image influences the overall evaluation of the object (Thorndike, 1920; Nisbett & Wilson, 1977). The halo can be manipulated, changed, and transferred (Bagozzi, 1996). Because consumers generally have less information regarding the image of small businesses, other halos around small business can

P4: E- tailer seller endorsement positively moderates the P3, such that the presence of e-tailer endorsement to small business leads stronger P3.

Conclusion The proposed conceptual model explored how small business can borrow halo of e-tailer image to enhance consumers' attitude and purchase intention toward small business products. We first theorize that an e-tailer's country and reputation serves as signals for consumers to judge the e-tailer. Further, the e-tailer image serves as a halo for consumers to judge the small business products sold at the e-tailer. The findings suggest small businesses should take advantage of the halo of e-tailer distributors to attract consumers, drawing from the spillover processes in small business' e-tail distribution. The proposed framework contributes to extending the halo effect and signaling theory to small business' global distribution strategies through e-tailing channels. We add to the literature as we build a foundation for understanding how to select global e-distributors. We also extend the signaling theory in describing how important an e-tailer's endorsement is for small businesses.

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